Wave Rock (Katter Kich) Discovery Centre

Business Plan for a Major Land Transaction

Prepared under section 3.59 of the *Local Government Act 1995*

SHIRE OF KONDININ

ADVERTISED FOR PUBLIC SUBMISSIONS

Adopted for advertising	19 August 2026 - Resolution OCM/26/010
Statewide public notice given	**12 September 2026**
Submissions close	**4.00pm Monday 26 October 2026**

Any person may make a submission on this business plan. No decision to proceed with the proposed transaction has been made.

Contents

Notice to Readers

This document is a business plan prepared under section 3.59 of the Local Government Act 1995. It is advertised for public comment. Any person may make a submission on it.

The Shire of Kondinin proposes to enter into a major land transaction comprising the acquisition of Lot 800 on Deposited Plan 421688, corner of Marshall Street and McPherson Street, Hyden, and the development of that land as the Wave Rock (Katter Kich) Discovery Centre.

Before it may do so, the Act requires the Shire to prepare this business plan, give Statewide public notice, make the plan available for public inspection and publish it on the Shire's official website, allow a period of not less than six weeks for submissions, consider every submission received, and then decide by absolute majority of Council whether to proceed.

No decision to proceed has been made. Council will consider the proposal only after the submission period has closed and every submission has been considered.

Statewide public notice of this business plan was given on **12 September 2026**, by publication in **The Western Australian**, on the Shire's notice boards and on the Shire's official website.

Submissions close at 4.00pm on Monday 26 October 2026.

Submissions may be lodged:

- By post to Bruce Wright, Chief Executive Officer, Shire of Kondinin, PO Box 7, Kondinin WA 6367;
- By email to **ceo@kondinin.wa.gov.au**, marked "WRKKDC Section 3.59 Business Plan Submission"; or
- In person at the Shire Administration Offices, 11 Gordon Street, Kondinin WA 6367, or 12 McPherson Street, Hyden WA 6359, during business hours.

A submission need not take any particular form. It may support the proposal, oppose it, or comment on any part of it. Submitters are asked to provide a name and contact address so that the Shire can acknowledge receipt.

Copies of this business plan may be inspected at the Shire Administration Offices at 11 Gordon Street, Kondinin and 12 McPherson Street, Hyden, and at the Kondinin and Hyden Community Resource Centres, during business hours, and may be downloaded from the Shire's website at

1. Purpose and Statutory Basis

1.1 What this document is

This is a business plan prepared by the Shire of Kondinin under section 3.59 of the *Local Government Act 1995* (**the Act**) in relation to a proposed major land transaction.

It is not a grant application, a funding submission or a promotional document. Its function is defined by statute: to give the community a complete and accurate account of a proposed transaction before Council decides whether to enter into it, and to give any person the opportunity to tell Council what they think about it.

This plan therefore sets out what the Shire proposes to do, what it will cost, what the Shire expects the consequences to be – for the Shire's own services, for other providers in the district, for the Shire's finances, and for its adopted plans for the future – and what could go wrong. Where the

Shire's expectations rest on assumptions, the assumptions are stated. Where matters remain unresolved, they are identified as unresolved.

1.2 The proposal in summary

The Shire proposes to:

- acquire the freehold interest in Lot 800 on Deposited Plan 421688, corner of Marshall Street and McPherson Street, Hyden (**the Land**), from the Hyden Progress Association Incorporated (**the HPA**);
- develop the Land by constructing and fitting out a single-storey civic, cultural and community facility of 928m² fully enclosed covered area, to be known during the project as the Wave Rock (Katter Kich) Discovery Centre (**the Centre**);
- own, hold and operate the Centre as a Shire asset; and
- make parts of the Centre available for use by other people, including the Hyden Community Resource Centre Incorporated, an Aboriginal-owned arts and tours enterprise, a café or retail operator, and community and visiting service providers.

The total value of the transaction, on the measure required by the Act, is approximately **$13.5 million**, comprising $13,225,209 in cash expenditure across three phases and $275,000 in non-cash contributions.

The Shire's own contribution is $1,425,000, being $1,400,000 in cash and $25,000 in kind. The balance is proposed to be met by Commonwealth and State grant programs and from contributions by the HPA and the community. The Shire does not propose to borrow for the project.

Construction is programmed to commence in 2027 and to reach practical completion in 2028, and is conditional on the grant funding described at section 9.2 being secured.

1.3 Section 3.59 of the Act

Section 3.59 governs commercial enterprises by local governments. It applies to two things: major trading undertakings and major land transactions. This proposal is a major land transaction.

Section 3.59(2) provides that, before it enters into a major land transaction, or enters into a land transaction that is preparatory to a major land transaction, a local government is to prepare a business plan.

Section 3.59(4) then requires the local government to:

- give Statewide public notice (as defined in section 1.8 of the Act) stating that it proposes to enter into the transaction described in the notice, that a copy of the business plan may be inspected or obtained at a place specified in the notice, and that submissions may be made before a specified day being not less than six weeks after the notice is given;
- make a copy of the business plan available for public inspection in accordance with the notice; and
- publish a copy of the business plan on the local government's official website.

Section 3.59(5) provides that, after the last day for submissions, the local government is to consider any submissions made and may then decide to proceed with the transaction as proposed, or so that it is not significantly different from what was proposed. That decision requires an absolute majority of Council.

Section 3.59(7) provides that Ministerial approval is required only where the regulations so require. The *Local Government (Functions and General) Regulations 1996* do not require Ministerial approval for a transaction of this kind, and no approval is therefore sought.

1.4 Why this is a major land transaction

The Shire has assessed the proposal against the definitions in section 3.59(1) of the Act and the *Local Government (Functions and General) Regulations 1996* (**the Regulations**). Each limb of the test is addressed below.

1.4.1 It is a land transaction

Section 3.59(1) defines a **land transaction** as an agreement, or several agreements for a common purpose, under which a local government is to acquire or dispose of an interest in land, or develop land.

The proposal satisfies both limbs of that definition. The Shire will acquire the freehold interest in the Land from the HPA, and the Shire will develop the Land by constructing the Centre on it.

The proposal is also constituted by several agreements for a common purpose: the executed Memorandum of Understanding between the Shire and the HPA; the transfer of the Land; the design and construction contracts; the funding agreements to be entered into with grant providers; and the occupancy arrangements to be settled with the future users of the building. Each of those agreements exists for the common purpose of delivering and operating the Centre, and they are properly assessed together as a single transaction.

1.4.2 It exceeds the prescribed amount

A land transaction is a **major land transaction** if the total value of the consideration under the transaction, together with anything done by the local government for achieving the purpose of the transaction, is more than the prescribed amount.

Regulation 8A(1) of the Regulations prescribes that amount, and which limb applies turns on whether the Shire is a major regional centre. Regulation 7 defines a major regional centre as a local government whose district is not in the metropolitan area and has more than 20,000 inhabitants. Regulation 7(2) applies section 2.4(6) of the Act to determine that number, and section 2.4(6) provides that the number of inhabitants of a district at a particular time is to be taken as that established by the Government Statistician appointed under the *Statistics Act 1907*, according to the information then available.

The Shire of Kondinin is not in the metropolitan area, and the most recent estimated resident population published for the district is 874 at 30 June 2025, against 847 recorded at the 2021 Census. The district therefore has far fewer than 20,000 inhabitants and the Shire is not a major regional centre. Regulation 8A(1)(b) applies, and the prescribed amount for the Shire is the lesser of:

- $2,000,000; or
- 10% of the operating expenditure incurred by the Shire from its municipal fund in the last completed financial year.

The Shire's total operating expenditure for the year ended 30 June 2025, as reported in the audited Statement of Comprehensive Income, was $16,153,125. Ten per cent of that figure is $1,615,313, which is less than $2,000,000. **The prescribed amount for the Shire is therefore $1,615,313.**

The Shire notes that this calculation takes total operating expenditure inclusive of depreciation of $10,094,607. If depreciation were excluded on the basis that it is a non-cash charge and is not expenditure incurred from the municipal fund, operating expenditure would be $6,058,518 and the prescribed amount would be $605,852. The conclusion is the same on either construction, and this plan does not depend on which is adopted.

The calculation is made on the 2024-25 audited financial statements, which are the most recent statements audited and adopted at the date of this plan. The 2025-26 statements were not available when the plan was prepared. The Shire has confirmed that no movement of the order required to alter the conclusion is possible: operating expenditure would have to increase more than eightfold for the prescribed amount to reach the value of this transaction, and the $2,000,000 limb caps it in any event. On either limb the prescribed amount is materially below the value of this transaction. The total value of the transaction is approximately $13.5 million, calculated at section 4.5 of this plan. The threshold is exceeded by a substantial margin, and the conclusion does not depend on which limb of regulation 8A(1)(b) produces the lesser figure.

1.4.3 It is not an exempt land transaction

Regulation 8(1) provides that a land transaction is an exempt land transaction if the local government enters into it:

- without intending to produce profit to itself; **and**
- without intending that another person will be sold, or given joint or exclusive use of, all or any of the land involved in the transaction.

Both conditions must be satisfied for the exemption to apply. Regulation 8(2) provides that a person is given joint use of land if the land is to be jointly used for a common purpose by the local government and that person.

The first condition is satisfied. The Shire does not enter into this transaction intending to produce profit to itself. The Centre is expected to operate at a net cost to the Shire, as set out at section 9.

The second condition is not satisfied. The Shire intends that other persons will have joint or exclusive use of parts of the Land and the building constructed on it. Those persons are identified at section 4.4 and include the Hyden Community Resource Centre, an Aboriginal-owned arts and tours enterprise, a café or retail operator, and the HPA in its continuing programming and operational role.

Because the second condition is not satisfied, the transaction is not an exempt land transaction under regulation 8(1). Regulation 8(3), which deals with the disposal of a leasehold interest where consideration takes the form of improvements made at no cost to the local government, does not apply. No declaration has been sought or made under regulation 8A(2).

Conclusion: the proposal is a major land transaction within the meaning of section 3.59(1) of the Act. Section 3.59 applies, and this business plan is prepared accordingly.

1.5 Matters this business plan must address

Section 3.59(3) requires the business plan to include an overall assessment of the major land transaction and details of five specified matters. No further matters are prescribed for the purposes of section 3.59(3)(f).

Regulation 10 of the Regulations imposes additional content requirements where the transaction is to be entered into jointly with another person. The Shire has proceeded on the basis that regulation 10 applies to this transaction, and the matters it specifies are addressed at section 12.

The table below records where each statutory requirement is addressed.

Requirement	Source	Addressed at
Overall assessment of the transaction	s. 3.59(3)	Section 2
Expected effect on the provision of facilities and services by the local government	s. 3.59(3)(a)	Section 7
Expected effect on other persons providing facilities and services in the district	s. 3.59(3)(b)	Section 8
Expected financial effect on the local government	s. 3.59(3)(c)	Section 9
Expected effect on matters referred to in the local government's current plan prepared under section 5.56	s. 3.59(3)(d)	Section 10
Ability of the local government to manage the performance of the transaction	s. 3.59(3)(e)	Section 11
Any other prescribed matter	s. 3.59(3)(f)	None prescribed
Details of the whole transaction, joint parties, property interests, benefits to other parties and Shire liabilities	reg. 10	Section 12

1.6 The public submission process

Statewide public notice of this business plan was given on **12 September 2026** in accordance with section 3.59(4)(a). The plan is available for public inspection in accordance with that notice and is published on the Shire's official website.

Any person may make a submission. There is no requirement that a submitter live in the district, own property in it, or have any particular interest in the proposal.

Submissions must be received by the closing date stated in the notice and on the notice page of this document. The Shire cannot extend that date for individual submitters, and section 3.59(5) does not permit Council to make its decision before the last day for submissions has passed.

Submissions are not confidential. A submission, or a summary of it, will ordinarily be included in the report to Council and therefore in the public agenda for the meeting at which Council considers the proposal. Submitters who wish part of a submission to be treated as confidential should say so and explain why; the Shire will consider such a request but cannot guarantee confidentiality.

1.7 What Council will do after submissions close

After the last day for submissions:

- every submission received will be recorded and provided to Council;
- the Chief Executive Officer will prepare a report analysing the submissions, identifying any matters that in the officers' view warrant a change to the proposal, and recommending a course of action;
- Council will consider the submissions and the report at an ordinary or special meeting open to the public; and

- Council will decide, by absolute majority, whether to proceed with the transaction as proposed, to proceed with it in a form that is not significantly different from what was proposed, or not to proceed.

Council is not obliged to proceed. It may decide not to enter into the transaction at all.

1.8 Limits on changing the proposal

Section 3.59(5) permits Council to proceed with the transaction as proposed, or so that it is not significantly different from what was proposed. Section 3.59(6) provides that, if the Shire wishes to commence a transaction that is significantly different from what was proposed, it may only do so after complying with section 3.59 again in respect of the new proposal.

This matters because the proposal depends on grant funding that has not yet been decided. The Shire has taken the following approach so that the community understands the range within which Council may act:

- **Scope.** The transaction assessed in this plan is the acquisition of the Land and the construction and fitout of a 928m² facility substantially in accordance with the design described at section 6, at a total value of up to approximately $13.5 million.
- **Cost movement.** Ordinary movement in construction cost within the contingency and escalation allowances described at section 9 is not a significant difference.
- **Funding mix.** A change in the mix of grant sources that does not increase the Shire's own contribution above $1,425,000 is not a significant difference.
- **Matters that would be significant.** A material increase in the Shire's own financial contribution, a material reduction in the floor area or in the cultural and community functions of the building, a change in the site, or a decision to borrow to fund the project would each be treated by the Shire as a significant difference requiring a fresh business plan and a fresh public notice under section 3.59(6). A fresh business plan would address the revised proposal in full, including how the project is to be delivered and managed and how the resourcing to do so is funded.

If the grant funding described at section 9 is not secured, the Shire will not proceed to construction on the funding model set out in this plan. Council would then consider whether to abandon the project, to defer it pending further funding rounds, or to bring forward a revised proposal – and, in the last case, whether a fresh business plan is required.

2. Overall Assessment

2.1 The transaction

The Shire proposes to acquire land in the Hyden town centre, valued at $250,000, for consideration of $1, and to develop it as a civic, cultural and community facility of 928m². The total value of the transaction is approximately $13.5 million. The Shire's own contribution is $1,425,000, of which $935,796 was already held in the Hyden Discovery Centre Reserve at 30 June 2025. The balance of the project cost is proposed to be met by Commonwealth and State grants and by contributions from the Hyden Progress Association and the community.

2.2 The case for the transaction

Hyden is a town of 384 people within a Shire of 847 at the 2021 Census and an estimated 874 in 2025, at the gateway to Wave Rock – known as Katter Kich to the Ballardong Noongar people – which attracts an estimated 100,000 to 140,000 visitors a year.

The Shire's assessment is that two problems coincide at this site. The town's civic and community facilities are inadequate: there is no public gallery, no dedicated arts or making space, no accessible climate-controlled room suitable for training, performance or professional consultation, and the Community Resource Centre operates from premises below the standard required to serve its community. The Shire's own asset reporting identifies buildings as a key-risk asset class across its 118 built assets, and records community sentiment toward Shire buildings as mixed and trending to moderate dissatisfaction.

At the same time, the visitor economy that passes through Hyden is largely uncaptured. Visitors photograph the rock and leave. A 2023 Shire survey found that only 45% of visitors to Wave Rock were aware of the site's cultural significance. The only Aboriginal cultural offering at the site is a single small business operating from a building on the project land.

The proposal addresses both problems with one asset, on the basis that a town of this size cannot sustain separate facilities for each function.

2.3 Summary of expected effects

On the Shire's own facilities and services. The Centre would consolidate the Hyden library, tourism and visitor information services, Community Resource Centre functions, community meeting space and a new cultural and exhibition function into one building. The Shire's leased shopfront arrangement for library and tourism services in Hyden would end. The Shire would take on a new asset of approximately $13.5 million and a new operating responsibility it does not currently carry.

On other providers in the district. The proposal is expected to benefit accommodation, hospitality, fuel and retail businesses in Hyden through increased overnight stays and dwell time, and to benefit visiting health, legal, government and training providers by giving them a venue in which to operate. It will also have effects that are not uniformly positive: an in-building café will compete with existing food businesses; bookable community rooms will compete with existing hall and meeting facilities; and the building currently occupied by Katter Kich Gallery and Tours will be demolished, so that the business cannot trade from the site during construction. These effects are set out in full at section 8.

On the Shire's finances. The capital contribution of $1,425,000 is largely already provided for, and the Shire does not propose to borrow. The material effect is recurrent, and it is reported on two measures.

On an accrual basis the Centre operates at a first-full-year deficit of between approximately $234,000 and $534,000 across Scenarios A to C, the range the model treats as the realistic operating position once the Centre is established, of which depreciation is $322,750. Excluding depreciation, the first-year cash position runs from a deficit of $211,000 at the lowest scenario to a surplus at the higher ones, crossing into surplus between Scenarios B and C, and the Centre is approximately cash-neutral in its first full year at the visitation the independent economic analysis assumes. The model's own note records that capture in the opening year or two is likely to sit below the lowest scenario, so the deficit is expected to be larger than the top of that range at first and to narrow as the income base matures. The expectation of operational sustainability by year 11 is a cash measure and does not extend to the depreciation charge, which is permanent.

Both figures are the total cost of running the Centre, and the Shire reports them on that basis deliberately. They overstate the effect of the transaction, because the Shire already funds library, visitor information and Community Resource Centre services in Hyden and already holds or leases the buildings they operate from. Those costs continue whether or not this transaction proceeds, and the effect section 3.59(3)(c) asks about is the difference. The plan does not reduce the figures to a single incremental number, because the largest offset turns on a decision about the vacated Community Resource Centre building that Council has not made and is not required to make for this transaction, and because overstating the Shire's own burden is the prudent error in a document advertised for public submission. Section 9.5.7 sets out every line by which the true effect is smaller, every line by which it is not, and the reasons for reporting the higher measure.

The income assumptions behind the figures are conservative on the same principle. Visitation is held flat for ten years, tenancy income is taken as fixed rent rather than a share of turnover, merchandise income is removed entirely and tourism display income deferred to year 4. Section 9.5.1 lists every difference between the operating model and the independent economic analysis, and identifies the two respects in which the model runs the other way.

On the Shire's plans for the future. Completion of a Hyden visitor centre with additional funding is an adopted priority under the Shire's Strategic Community Plan 2022-2032, appearing at strategic priority 2.3 and in the Plan's schedule of major projects. The proposal also advances adopted priorities relating to arts and cultural activity, health service access, seniors and youth participation, heritage, the Hyden Town Revitalisation Plan and childcare retention.

On the Shire's capacity to manage. The Shire has assessed its capacity as adequate, subject to the appointment of dedicated project management resourcing, which its own Workforce Development Plan identifies as necessary for a project of this scale. Design is complete and independently cost-planned, the professional team is appointed through competitive procurement, a governance framework is executed, and the development application is lodged.

2.4 The principal risks

The principal risks to the transaction are:

- that the grant funding on which the project depends is not secured, in which case the project cannot proceed on the model described in this plan;
- that construction costs escalate beyond the allowances made;
- that the continuing operating subsidy cannot be sustained within the Shire's operating budget, or proves larger than modelled; and
- that the Shire's capacity to manage a project of this size is stretched by competing demands.

Each is assessed at section 13, together with the treatments proposed.

2.5 Overall conclusion

The Shire's overall assessment is that the transaction is sound and should proceed, subject to grant funding being secured, for the following reasons.

The capital exposure to the Shire is contained and largely already reserved. The land is contributed rather than purchased. The asset addresses documented service deficiencies in the Shire's second population centre and delivers on a priority the community itself identified through the Strategic Community Plan process.

The recurrent cost is the matter on which Council's decision properly turns. The Shire's assessment is that the total-cost figure presently modelled overstates it, for three reasons: the Shire already funds the services and holds the buildings the Centre replaces; consolidating four functions into one building produces efficiencies a standalone model does not show; and the model adopts income assumptions materially more conservative than the independent economic analysis supports. The plan reports the total-cost figure notwithstanding, so that Council decides against the higher of the two available measures rather than the lower.

The cash cost of running the facility is expected to approach nil by year 11 and, at the visitation the independent analysis assumes, from the first full year. The depreciation charge of $322,750 is not covered by that and is permanent. It is the annual consumption of the asset, and Council's commitment must extend to funding renewal as well as operations. Council should resolve to proceed only if it is prepared to commit to the continuing subsidy this plan discloses and has identified how it will be funded. An independent economic analysis prepared by Econisis in August 2026 assesses the project as returning a net present value of $23.06 million and a benefit cost ratio of 2.81 over twenty years at a 7% discount rate, and as remaining net positive at every discount rate tested.

The transaction should not proceed if the grant funding is not obtained. The Shire could not fund a project of this scale from its own resources: Phase 2 alone costs more than twice the Shire's annual own-source revenue, and funding the balance from rates would require more than three times a full year of rate revenue, or some $12,600 from every rateable property in the district.

Council has formed no view on the proposal at this stage and will do so only after considering submissions.

3. Background and Project History

3.1 Hyden and the Shire of Kondinin

Hyden is a Wheatbelt town approximately 340 kilometres south-east of Perth, in the Shire of Kondinin. The Shire's population was 847 at the 2021 Census, of whom 384 live in the Hyden township. The Shire's Strategic Community Plan records a negative population growth rate, a median age of 43 years, an ageing profile relative to the State average, a SEIFA score of 989 indicating a level of disadvantage, and a volunteering rate of 42.6% - well above State and national averages.

Hyden sits at the gateway to Wave Rock, the granite formation known as Katter Kich to the Ballardong Noongar people, and to a surrounding cultural landscape including Mulka's Cave – which holds more than 450 hand stencils and rock paintings – The Humps and Hippo's Yawn. It is the anchor destination of the Pathways to Wave Rock self-drive trail, a formal regional tourism brand managed by the Roe Tourism Association, a not-for-profit partnership of eight Shires established in 1998, and sits at the halfway point of the primary inland route between Perth and Esperance.

3.2 Project history

The concept originates in 2016, when the Hyden Community Resource Centre approached the Shire seeking relocation to a more central and visible site. In 2018 the HPA purchased the corner block at 36 Marshall Street – now Lot 800 on Deposited Plan 421688 – intending to develop a community building incorporating visitor centre functions.

A working group comprising the HPA, the Shire and the Community Resource Centre developed concept plans. By 2024, construction cost escalation had taken the estimated cost beyond $17 million, and the project required a fundamental recalibration of scope.

In January 2026 the HPA appointed SITE Architecture Studio, through a competitive Request for Quotation process, to develop a new design at a reduced scope and cost. Schematic design was completed in May 2026 and the Design Development Report in July 2026. An Interpretive Plan for the exhibition content was commissioned and completed over the same period.

A Memorandum of Understanding between the Shire and the HPA was executed on 11 November 2025. Initial discussions with a State funding body in late 2025 and early 2026 proceeded on the basis that the HPA would apply for funding, auspiced by the Shire, with the Shire participating as a co-contributor. When the relevant funding round opened, its guidelines did not provide for auspiced applications. Council resolved by absolute majority at a Special Meeting held on 29 July 2026, item number 10.1 and resolution number OCM/26/103 to proceed as the direct applicant and delivery body, and the Memorandum of Understanding was updated and re-executed on 4 August 2026 to reflect that structure.

That change is the reason this business plan is required. Under the earlier structure the Shire would have been a contributor to a project delivered by a community association. Under the current structure the Shire acquires the land, holds the funding agreements, lets the construction contract, owns the completed asset and carries the operating responsibility – and section 3.59 of the Act is engaged.

3.3 Where the project stands

At the date of this plan:

- design development is complete and independently cost-planned by HW & Associates Quantity Surveyors as at 31 July 2026;
- the professional team is appointed through competitive procurement;
- a development application was lodged with the Shire on 24 June 2026 and is under assessment, with the mandatory community consultation period concluding on 13 August 2026 and determination expected shortly thereafter;
- the Interpretive Plan for the exhibition content is complete;
- an independent cost benefit analysis and economic impact assessment was issued in final form by Econisis on 10 August 2026;
- the Memorandum of Understanding between the Shire and the HPA is executed; and
- grant applications for the capital funding have been lodged or are in preparation, with outcomes not yet known.

Construction has not commenced, no construction contract has been let, and the Land has not been transferred to the Shire.

4. The Land and the Transaction

4.1 The Land

Item	Detail
Description	Lot 800 on Deposited Plan 421688

Item	Detail
Certificate of title	Volume 4042 Folio 924
Land area	Approximately 2,954m², being the sum of former Lot 23 (809m²) and former Lot 24 (2,145m²) as shown on the contour and feature survey. The area is not stated on the certificate of title
Address	Corner Marshall Street (Brookton Highway) and McPherson Street, Hyden WA 6359
Registered proprietor	Hyden Progress Association Inc., registered 10 October 2023 (dealing AF P738817). Previous titles 2954-623 and 2954-624
Tenure	Freehold
Zoning	Commercial, under the Shire of Kondinin Town Planning Scheme
Current use	Overflow gravel car park, with an existing building occupied by Katter Kich Gallery and Tours. The HPA is attending to the demolition of that building, including the removal of asbestos believed to be present given its age, at an estimated cost of $20,000 plus in-kind contribution, before transfer
Value	$250,000, on a valuation by Acumentis dated January 2022. The Shire does not propose to obtain a further valuation for the purposes of this plan. A valuation less than 12 months old would be required only if the Shire sought to rely on regulation 30 of the Regulations to exempt a future disposition from section 3.58, which it does not
Registered encumbrances	A search of the certificate of title on 11 August 2026 discloses no mortgages, easements, caveats or restrictive covenants. The second schedule records one notification under section 70A of the *Transfer of Land Act 1893* - **M577797, lodged by the Water Corporation on 17 March 2014** - recording that the lot is provided with a wastewater service subject to an agreement. The site is served by a Water Corporation reticulated gravity sewer in the rear laneway, with two existing 100mm junction connections available to the development. See section 12.2

The Land has frontage to the highway connecting Hyden to Perth and Esperance and adjoins Lions Park, Coronation Park and the Hyden commercial centre. It is approximately five kilometres from Wave Rock and Hippo's Yawn. The Hyden Town Revitalisation Plan (2017) identifies this site for community building development adjacent to Lions Park.

4.2 The acquisition

The HPA will transfer the freehold interest in the Land to the Shire prior to the commencement of construction, in accordance with the executed Memorandum of Understanding. The transfer is a community contribution to the project.

The consideration payable by the Shire is $1. The Shire will also bear the ordinary costs of transfer, being transfer duty if payable, together with settlement and legal costs. These are conveyancing costs of a scale that does not affect the assessment in this plan and will be met from within the Shire's contribution. Settlement will occur before the commencement of construction, in accordance with the Memorandum of Understanding, and the precise date will follow confirmation of funding.

The Shire proposes to complete the acquisition only in conjunction with the development. If the project does not proceed, the Shire does not propose to acquire the Land.

The acquisition is, in the Shire's assessment, a land transaction that is preparatory to entry into the major land transaction, and is within the scope of section 3.59(2)(c) as well as forming part of the transaction assessed in this plan.

4.3 The development

The Shire proposes to develop the Land by constructing a single-storey building of 928m² fully enclosed covered area, comprising 873m² of useable floor area and 55m² of grossing factors, together with associated site works, car parking, landscaping and external interpretive areas. The building is described at section 6.

The development is proposed in three phases:

Phase	Scope	Cost (excl. GST)	Status
Phase 1	Preliminaries – design development, consultant fees, interpretive planning, economic analysis, development application	$437,209	Complete and fully funded by the Shire ($256,500) and the HPA ($180,709)
Phase 2	Capital build – construction of the building, site preparation, external works, services and fitout. Demolition of the existing building is not included; the HPA is attending to it at its own cost	$11,748,000	Subject to grant funding
Phase 3	Exhibition fitout and cultural consultation	$1,040,000	To be funded through various grants and community contributions separately following Phase 2
Total		**$13,225,209**	

The composition of the Phase 2 capital build, on the Quantity Surveyor's design development estimate of 31 July 2026, is set out below. The Quantity Surveyor's estimate totals $12,008,000. That total carries a further $260,000 of project preliminaries which this plan accounts for within Phase 1 rather than within the capital build, and it exceeds the Phase 2 figure of $11,748,000 by that amount. The preliminaries of $1,255,818 shown in the table below are the builder's preliminaries and are a separate item within Phase 2. The two totals are not alternatives: $11,748,000 is the capital build to be funded under Phase 2, and $12,008,000 is the Quantity Surveyor's total, which is the figure the independent economic analysis at section 9.7 applies.

Element	Amount
Columns, roof and external walls	$2,349,292
External works	$1,863,615
Preliminaries	$1,255,818
Contingency	$1,249,000
Electric light and power	$979,485
Air conditioning	$710,500
Internal finishes – painting, tiling, carpet, acoustic panels	$585,720
Professional fees	$484,000

Element	Amount
Windows, internal walls and external doors	$451,210
Substructure	$429,720
Escalation to February 2027	$395,000
Site preparation	$351,895
Internal doors, screens and operable wall	$253,715
Fitments	$160,890
Communication and security services	$83,295
Sanitary fixtures	$81,345
Fire curtain and extinguishers	$37,500
Special equipment	$26,000
Total – Phase 2	**$11,748,000**

Two allowances within that estimate carry the project's cost risk: a contingency of $1,249,000, comprising a 5% design contingency of $500,000 and a 7.5% construction contingency of $749,000, and an escalation allowance of $395,000, struck at 3.4% to the programmed February 2027 tender date. Movement in construction cost beyond those allowances is a Shire liability, as recorded at section 12.4.

Allowances and exclusions within the estimate. The estimate includes a locality allowance of 35% for Hyden, a provisional allowance of $60,000 for clean imported fill and $75,000 for digging in rock, and headworks within the builder's works – Water Corporation $33,873, Western Power $110,000 and Telstra/NBN $30,000, totalling $173,873.

It excludes the items below. They fall into two groups, and the distinction matters: the first group is provided for elsewhere in the project, and the second is not presently funded.

Group 1 – provided for elsewhere in the project.

Excluded item	Where it is dealt with
Loose furniture and equipment; audiovisual services and displays	To be provided by the occupants, as recorded at section 12.2
Interactive and interpretive elements	Phase 3 – exhibition fitout
First Nations engagement	Phase 3 - $45,000 allowance for cultural heritage consultation with Elders
Commercial kitchen fitout	To be provided by the café lessee; the estimate provides a basic joinery fitout and a $6,000 provisional allowance for kitchen appliances
Client costs – management and administration	A $120,000 allowance for Shire project management is included in the arts and culture infrastructure grant request lodged 10 August 2026, intended to be subcontracted to SITE Architecture Studio, as described at section 11.2
Public art; management fees; gas services	Not proposed under the delivery model

Excluded item	Where it is dealt with
GST	The project is stated exclusive of GST throughout

Group 2 – not presently funded.

Each of the following is either a cost the Shire would need to meet, or a design element the plan describes but the estimate does not carry.

Excluded item	Consequence
30kW photovoltaic system	The electrical consultant assesses a 30kW system as required. It is described at section 6.3 as a confirmed sustainability measure but is not in the Phase 2 estimate. Either the allowance must be found or the measure withdrawn
Asbestos removal and disposal	The existing building is believed to contain asbestos given its age. Removal and disposal is part of the HPA's demolition commitment and is completed before transfer, so the exclusion bears only on any asbestos encountered in the ground or in the site works after the Shire takes the Land
Wet fire services, including sprinklers and hose reels	Subject to the DFES review described at section 14; the design holds each fire compartment below 500m² to avoid triggering hydrant coverage
Specialist audiovisual systems and CCTV; access control to internal doors	A Shire cost if required in operation
Rainwater tanks; sewer pump station	Not required on the servicing strategy described at section 12.2, but excluded if that strategy changes
Landscape lighting, carpark lighting, EV charging points and a backup generator	A Shire cost if required
Fencing and gates; external sheds and bin stores; play equipment; external loose furniture	A Shire cost if required
Commissioning and relocation costs and disbursements	A Shire cost, not yet quantified

At the time of preparing this business plan, Council has not determined whether the photovoltaic system or any other Group 2 item will be included in the project. These items are not presently funded and are excluded from the project scope and financial estimates used in this business plan. Council may consider individual items at a later stage if ad hoc grant funding, external contributions, project savings or another suitable funding source becomes available. Any decision to include an item will be subject to confirmation of its cost, funding source and effect on the project's financial position. Commissioning and relocation costs also remain to be quantified and will be incorporated into the project budget, or separately presented to Council for consideration, once reliable estimates are available.

The estimate also assumes that the café kitchen fitout is provided by the lessee, with the project providing services only. The function heat and service kitchen serving the multi-purpose rooms is within the estimate.

4.4 Occupancy and use arrangements

The Shire will own the completed building. It intends that the following persons will have joint or exclusive use of parts of it. The arrangements are described here in the form presently contemplated. None has yet been documented, and none is required to be settled for the purposes of this plan: each will be dealt with under section 3.58 of the Act, on its own merits, at the time the terms are negotiated. What matters for present purposes is that the Shire intends other persons to have joint or exclusive use of parts of the building, which is what takes the transaction outside the exemption in regulation 8(1).

User	Nature of use contemplated	Basis
Hyden Community Resource Centre Incorporated	Primary occupant of the community services wing – Community Resource Centre offices, hot desk area, video conference room, Centrelink access point, staff amenities	Tenancy or occupancy agreement to be settled under section 3.58 closer to practical completion
Shire of Kondinin	Library, tourism and visitor information services, flexible working area	Shire's own operations
Katter Kich Gallery and Tours	Part of the arts studio and gallery – working and display space for the Aboriginal-owned enterprise currently operating from the existing building on the Land. The remainder of the studio and gallery is available for other local and visiting artists	Lease yet to be negotiated, and to be dealt with under section 3.58 closer to practical completion
Café or retail operator	Retail space and commercial kitchen, separately leasable with separate metering. The project provides services only; the kitchen fitout is assumed to be provided by the lessee	Lease or licence to be advertised and awarded under section 3.58 closer to practical completion
Hyden Progress Association	Continuing role in programming, volunteer coordination and community engagement; shared funding of the Centre's Executive Officer position for ten years	Memorandum of Understanding
Community organisations, visiting professionals, training providers	Bookable use of the multi-purpose rooms and video conference facilities	Hire arrangements under the Shire's fees and charges

The Shire's operating model also assumes that admission to the exhibition and discovery centre will be charged, at $20 per visitor excluding GST. That has not been resolved by Council. It is described at section 9.5.4 and comment on it is specifically invited.

The intention that other persons will have joint or exclusive use of the Land is the reason the transaction is not an exempt land transaction under regulation 8(1), as explained at section 1.4.3.

Any future lease or licence of part of the Centre will be a disposition of property to which section 3.58 of the Act applies unless an exemption under regulation 30 is available. The Shire will deal with each such disposition separately, in accordance with section 3.58, at the time the terms are settled. It does not rely on this business plan to satisfy section 3.58 in respect of any future tenancy.

4.5 Total value of the transaction

The total value of the transaction, calculated in accordance with the definition of *major land transaction* in section 3.59(1), is set out below. It comprises the consideration under the transaction together with everything done by the Shire for achieving the purpose of the transaction.

Component	Value
Land – value of the interest acquired from the HPA	$250,000
Phase 1 – preliminaries (complete)	$437,209
Phase 2 – capital build	$11,748,000
Phase 3 – exhibition fitout and cultural consultation	$1,040,000
Shire in-kind contribution – waived authority fees	$25,000
Total value of the transaction	**$13,500,209**

The HPA will also demolish the existing building on the Land, including the removal of asbestos, at an estimated cost of $20,000 together with a further in-kind contribution of labour and plant. That work is performed by the HPA as owner before the Land transfers. It is not included in the total above, because it is neither consideration passing under the transaction nor a thing done by the Shire for achieving its purpose. Including it would not alter the conclusion at section 1.4.2 in any event.

The prescribed amount under regulation 8A(1)(b) is $1,615,313, being 10% of the Shire's operating expenditure for the year ended 30 June 2025 and less than the $2,000,000 alternative, as calculated at section 1.4.2. The total value of the transaction is approximately 8.4 times that amount.

5. Need and Options Considered

5.1 The need

The Shire's assessment of need rests on four documented findings.

Civic and community infrastructure is inadequate. Hyden has no purpose-built space capable of hosting film screenings, live performance, community events or professional training. The town hall, recreation centre and Community Resource Centre meeting rooms are undersized, poorly insulated, and lack the acoustic treatment and built-in connectivity that audiovisual and videoconferencing use requires. Community meetings have been cancelled during extreme heat events because of inadequate climate control. There is no suitable private, technology-enabled space for visiting health professionals, legal practitioners or government officers.

The Shire's own asset reporting corroborates this. The Shire's asset governance framework identifies buildings as a key-risk asset class across 118 built assets with an insured replacement value of $59.99 million, citing ageing stock and a community dissatisfaction trend, and records community sentiment toward Shire buildings as mixed and trending to moderate dissatisfaction based on the Shire's Community Survey. The Shire's current arrangement for Hyden library and tourism services – leased shopfront premises delivered within a modest refurbishment allocation – is an interim measure.

The visitor economy is not captured. Wave Rock attracts an estimated 100,000 to 140,000 visitors a year. The prevailing pattern is drive-in, drive-out. A 2023 Shire survey found that only 45% of visitors were aware of the site's cultural significance. There is no visitor interpretive facility in the town.

Community wellbeing indicators are weak. The Shire of Kondinin Wellbeing Profile (2025), prepared using the Australian Government's Measuring What Matters framework, documents social cohesion below national averages, no recorded vocational education and training enrolments, an ageing population with associated social isolation risk, and reliance on a visiting general practitioner service with no resident GP or dentist.

5.2 Options considered

Option	Description	Assessment
1. Do nothing	Retain existing arrangements: leased shopfront library and tourism premises, existing Community Resource Centre building, town hall and recreation centre for community use, no cultural or interpretive facility	Lowest cost and lowest risk to the Shire, but leaves every documented deficiency unaddressed. The leased premises arrangement carries continuing rent with no asset created. Does not deliver the Strategic Community Plan priority to complete the Hyden visitor centre
2. Upgrade existing facilities	Progressively refurbish the town hall, recreation centre and existing Community Resource Centre building to improve insulation, climate control, acoustics and connectivity	Lower capital cost, but the existing buildings are dispersed, none is centrally located on the highway frontage, and none can accommodate a gallery, arts studio or exhibition function. Would not attract the tourism-related and cultural capital funding available to a new facility, and would leave the Shire renewing ageing stock already identified as a key asset risk
3. Reduced-scope facility	Construct a smaller building providing library, Community Resource Centre and meeting space only, without the exhibition, gallery and arts studio components	Lower capital cost and lower operating cost, but forgoes the visitor economy benefit that constitutes 47% of the assessed project benefit, and forgoes the external capital funding available for cultural infrastructure. The Shire's assessment is that a reduced-scope building would carry a higher proportion of its cost on the Shire's own balance sheet
4. Delivery by the HPA with Shire contribution	The HPA acquires funding, delivers the project and owns the asset, with the Shire contributing capital	The structure originally contemplated. Not available: the relevant funding guidelines do not provide for auspiced applications. It

Option	Description	Assessment
		would also place delivery risk, funding acquittal obligations and long-term asset responsibility on a volunteer association
5. The proposal	Shire acquires the Land and develops a 928m² integrated facility as described in this plan	Highest capital cost and the only option that addresses all four documented needs with a single asset, that attracts external capital at the scale required, and that places the completed asset within the Shire's asset management, risk and financial frameworks

5.3 Why the proposal is preferred

The Shire's assessment is that Option 5 is preferred, for three reasons.

First, the marginal cost to the Shire of the larger facility is small. The Shire's contribution is $1,425,000 whether the building is delivered at full scope or at reduced scope; the difference is met by external funding that is available for the cultural and visitor components and is not available for a smaller civic building.

Second, consolidation is the only workable model at this population. A town of 384 people cannot sustain a separate library, a separate community centre, a separate visitor centre and a separate cultural facility. Sharing a single entry, reception, amenities and plant across all functions is what makes the operating model viable.

Third, the option carries a documented community mandate. Completion of the Hyden visitor centre with additional funding is an adopted priority in the Shire's Strategic Community Plan 2022-2032, arrived at through community workshops in Hyden and Kondinin, a community survey and Council workshops.

6. The Development

6.1 Design approach

The design, by SITE Architecture Studio with support from Amass, is a compact, single-storey, durable building arranged as three functional zones around a central protected courtyard: a discovery and exhibition wing; a community wing accommodating Community Resource Centre and Shire functions; and a shared civic amenities wing containing the multi-purpose rooms and café. A single shared entry foyer and reception serve all three, enabling efficient staffing.

The principal external material is rammed earth, chosen for its thermal mass, durability, low maintenance requirement and its relationship to the colour and geology of the surrounding landscape. The rammed earth material is to be donated locally, which supports the project's regional content objectives. Skylights and positioned glazing provide natural light; automated louvres and passive solar orientation reduce mechanical cooling loads.

The site is not within a bushfire prone area. Landscape design by Moro Studio retains existing mature trees and uses native planting, at a scope the design team records as having been reduced to the minimum recommended level to remain within budget. External spaces include an interpretive landscape area, a shaded central courtyard, a community gathering space suitable for storytelling and informal performance, and a forecourt to Marshall Street. Pedestrian connections are provided to Lions Park, Coronation Park and the Hyden commercial centre.

6.2 Schedule of accommodation

Space	Area
Multipurpose areas	
Multi-Purpose Room 1	58m²
Multi-Purpose Room 2	50m²
Chair and table store	12m²
Function heat and service kitchen	20m²
Sub-total	*140m²*
Exhibition, interpretation and visitor experience	
Discovery Centre / museum	178m²
Gift shop	53m²
Retail space (café)	49m²
Commercial kitchen	16m²
Sub-total	*296m²*
Shire administration and Community Resource Centre	
Library	111m²
CRC Manager office	14m²
Hot desk office area	12m²
Flexible working area	11m²
Video conference room	11m²
Staff kitchenette and lockers	8m²
Centrelink booth	4m²
Sub-total	*171m²*
Arts studio	
Studio / gallery	68m²
Gallery store	34m²
Sub-total	*102m²*
Combined amenities	
Entry foyer	80m²
Female toilets	12m²
Male toilets	10m²
Server room	10m²

Space	Area
Universal toilet	6m²
Wet store	4m²
Unisex staff toilet	2m²
Sub-total	*124m²*
Plant and services	
Mechanical plant	21m²
AV communications	10m²
Electrical services	9m²
Sub-total	*40m²*
Useable floor area	**873m²**
Grossing factors (wall thicknesses)	55m²
Total – fully enclosed covered area	**928m²**

Source: SITE Architecture Studio, Schedule of Accommodation, Design Development Report Revision B, 31 July 2026.

Of the 873m² useable floor area, 538m² – 62% - is arts and cultural space, being the multipurpose areas (140m²), the exhibition, interpretation and visitor experience spaces (296m²) and the arts studio (102m²).

6.3 Sustainability and environmental performance

Environmental performance measures confirmed through design development include a photovoltaic solar system with provision for future battery storage – the electrical consultant assesses a 30kW system as required, though it is not carried in the Quantity Surveyor's estimate, as recorded at section 4.3; automated louvres and preset air-conditioning; roof water collection discharged to landscaping and stormwater swales; minimum 4-star WELS rated hydraulic fixtures; LED lighting and all-electric appliances; passive solar design with natural light and natural ventilation; and low-maintenance, drought-tolerant native landscaping. The rammed earth construction provides thermal mass that reduces mechanical cooling loads.

6.4 Exhibition and interpretation

The exhibition content is the subject of a completed Interpretive Plan prepared by Creative Spaces, developed in collaboration with Silvia and Darryl Collard as Traditional Owners of Katter Kich. It proposes a single overarching interpretive theme and five content themes: the Great Western Woodlands; Aboriginal culture; agriculture; Hyden town history; and a children's interactive play space.

Noongar cultural content will continue to be refined as cultural consultation progresses, under the authority of the Collard family Elders. A budget allowance of $45,000 for Elder consultation is provided within Phase 3.

Cultural heritage approvals are not required for construction of the building. Approvals relating to exhibition content are sought separately through the Elder consultation process.

The Shire notes that the facility's working name may change. Wave Rock has been identified in different sources as Katter Kich, Kaarta Kitj and Waakal Nirnt. The working title is retained pending completion of the Elder consultation and approvals process, and the final name of the facility will be settled with the Elders before signage and marketing collateral are committed.

6.5 Programme

Stage	Timing
Section 3.59 business plan adopted and Statewide public notice given	**12 September 2026 (Opening)**
Six-week submission period	**Closing: 4pm Monday 26 October 2026**
Council decision under section 3.59(5)	**Ordinary Meeting of Council - 18 November 2026** (to be completed before the construction contract is executed)
Development application – community consultation concludes	13 August 2026
Development application – determination	Ordinary Meeting of Council - 23 September 2026
Grant funding outcomes	Arts and culture infrastructure grant expected December 2026; Commonwealth round forecast to open late 2026
Funding hold point	February 2027
Design and construct tender issued	February 2027
Contract award	April 2027
Contract documentation and issued-for-construction package	To July 2027
Land transfer from HPA to Shire	Prior to the commencement of construction
Construction commences	July 2027
Practical completion	August 2028
Handover, relocation and opening	September 2028 onward

7. Expected Effect on the Provision of Facilities and Services by the Shire

Section 3.59(3)(a)

7.1 Facilities and services the Shire currently provides in Hyden

The Shire currently provides, or supports the provision of, the following relevant facilities and services in Hyden:

- library services, presently operating from leased shopfront premises;
- tourism and visitor information services, presently operating from the same leased premises;
- support to the Hyden Community Resource Centre, which operates from a Shire-related building that is not centrally located and is below the standard required to serve its community;
- the Hyden town hall and recreation centre, available for community hire;
- road maintenance, construction and repair,
- parks and public open space, including Lions Park and Coronation Park adjoining the site; and
- maintenance of the Wave Rock precinct and associated tourism facilities.

7.2 What would change

Consolidation of existing services. Library, tourism and visitor information services and Community Resource Centre functions would relocate into the Centre. Because those services are already funded and already occupy buildings the Shire holds or leases, their cost is not an effect of this transaction; only the difference is. That distinction governs the financial assessment at section 9.5.7.

The Shire's leased shopfront arrangement in Hyden would end at the expiry or termination of that lease, removing a recurrent rental cost of $1,772.73 per month and replacing leased sub-scale space with purpose-built accommodation the Shire owns.

New services the Shire does not presently provide. The Centre would introduce four functions the Shire does not currently deliver in Hyden:

- a public gallery and exhibition space;
- a dedicated arts studio;
- bookable, accessible, climate-controlled and technology-equipped meeting and training rooms capable of hosting visiting health practitioners, telehealth and outreach clinics, professional consultations and vocational training; and
- a café and gift shop within a visitor facility.

Release of the existing Community Resource Centre building. Relocation of the Community Resource Centre would free its current building - (40 Naughton Street, Hyden. A Shire owned building in reasonable condition) - for another use. A priority use under early consideration is conversion to a fit-for-purpose childcare facility. Hyden's current childcare facility is reported to face serious building condition issues including suspected asbestos, and retention of the Hyden childcare service is an adopted priority under the Strategic Community Plan. No decision has been made on the future use of that building, and any such decision would be a separate matter for Council.

A new asset and a new operating responsibility. On practical completion the Centre becomes a Shire asset of approximately $13.5 million. It would be brought into the Shire's Asset Management Plans, its lifecycle and renewal costs reflected in the Long-Term Financial Plan, and its operating expenditure appropriated through the annual budget. The Shire would be responsible for staffing, opening hours, programming, cleaning, utilities, insurance, maintenance and renewal for the life of the asset.

A new staff position. A Discovery Centre Executive Officer would be appointed through a collaborative process between the Shire and the HPA, responsible for day-to-day operations, programming, visitor services, volunteer coordination and outcomes reporting. The position is costed in the Shire's operating model at $160,000 a year as a total package. It is proposed to be shared with the HPA at 80% Shire and 20% HPA in years 1 to 5, and 50% each in years 6 to 10, giving a Shire cost of approximately $128,000 a year initially. The parties record that this cost-sharing model is indicative, that the appointment is subject to adopted budgets, funding availability and further Council decisions, and that the model is to be reviewed through the project's operating model, the annual budget process, the funding agreements and this business plan.

The proposed operating model assumes the creation of two new Customer Service Officer positions, budgeted at $70,000 each. The positions, which have not previously been identified in the project documentation, would supplement the existing Hyden-based workforce and enable the Discovery Centre to operate seven days per week. Creation of the positions and the associated recurrent expenditure remain subject to Council approval.

7.3 Effect on services elsewhere in the Shire

The Shire has considered whether concentrating investment in Hyden would reduce the facilities and services available in Kondinin and Karlgarin.

The proposal does not withdraw or reduce any service currently provided in those localities. It does, however, direct the Shire's capital contribution of $1,425,000 and a share of its future operating capacity to one of the Shire's two principal population centres. Council will need to weigh that in considering submissions, and residents of Kondinin and Karlgarin are specifically invited to comment.

The Shire notes that the great majority of the project cost – approximately 88% - is proposed to be met from sources external to the Shire, and that the external funding is available because of the specific characteristics of the Hyden site and its visitor economy. It is not funding that could be redirected to another locality.

7.4 Service levels and access

The Shire's present expectation is that the Centre would operate on business hours consistent with the Shire's existing library and visitor information services, with extended and after-hours access for booked events and hire. Detailed opening hours, hire conditions and fees and charges would be determined by Council through the ordinary annual fees and charges process, and are not fixed by this plan.

The building is designed to be accessible, including a universal toilet, level access and climate control throughout. The proposal is consistent with the Shire's Disability Access and Inclusion Plan 2023-2028.

8. Expected Effect on Other Persons Providing Facilities and Services in the District

Section 3.59(3)(b)

The Shire has assessed the expected effect on other providers by sector. The assessment records effects that are adverse as well as those that are beneficial. Persons who consider they would be affected are invited to make a submission.

8.1 Accommodation, hospitality and fuel

Expected effect: beneficial.

The economic case for the project rests on converting passing visitors into overnight stays. The independent analysis models a 20% uplift on the regional visitor base, giving some 24,000 additional visitor nights a year, valued at $192 per person per night and discounted by a 75% conversion weighting and a 50% attribution rate. On that basis, regional tourism uplift is the largest single benefit at $16.69 million in present value terms over twenty years.

Accommodation providers, food businesses, fuel retailers and general retail in Hyden would be the principal local beneficiaries of increased dwell time and overnight stays. The benefit is modelled on a regional visitor base rather than on Shire of Kondinin visitation alone, so that dispersal of expenditure across the Pathways to Wave Rock trail Shires is captured.

The tourism uplift and the Centre's own admission income are separate things and are not double counted. The uplift monetises the combined effect of more visitors, longer stays and higher spend across the region – accommodation, food, fuel and retail – and does not assume that the additional expenditure is spent at the Centre. An admission charge is compatible with it. The Shire's operating model, by contrast, counts only what the Centre itself receives, and the two figures should be read as answering different questions: the independent analysis measures the impact of the facility on the regional economy, the operating model measures its effect on the Shire's finances.

8.2 Food and beverage businesses in Hyden

Expected effect: mixed. A competitive effect is acknowledged.

The Centre includes a 49m² retail café space and a 16m² commercial kitchen. That café will compete for trade with existing food and beverage businesses in Hyden.

The Shire's assessment is that the net effect on existing operators is more likely to be positive than negative, because the café is expected to extend visitor dwell time in the town rather than to divert an existing fixed volume of trade, and because visitors who stop for longer are more likely to use other businesses. The Shire also notes that the café is not a Shire-operated business: it is intended to be leased or licensed to a private operator, and existing Hyden businesses would be eligible to tender for it.

The Shire acknowledges that this assessment may not be shared by existing operators, and specifically invites submissions from them.

8.3 Existing venue and meeting space providers

Expected effect: mixed. A competitive effect is acknowledged.

The two multi-purpose rooms, totalling 108m² and divisible by an operable wall, will be available for community and commercial hire. They will compete for hire income with the Hyden town hall, the Hyden recreation centre, Community Resource Centre meeting rooms, and meeting spaces operated by community organisations, service clubs and churches.

The Shire's assessment is that the new rooms will principally serve uses that cannot presently occur in Hyden at all – training, telehealth and professional consultation, screenings, performance and events requiring climate control, acoustic treatment and audiovisual capability – rather than displacing uses that existing venues currently serve adequately. Some displacement of existing hire activity is nonetheless expected, particularly for meetings and functions held in summer.

Operators of existing venues in the district are specifically invited to make submissions on this point.

8.4 Katter Kich Gallery and Tours

Expected effect: direct and material. Requires managed transition.

Katter Kich Gallery and Tours, an Aboriginal-owned business operated by Noongar artist Michael Ward, currently occupies the existing building on the Land. That building will be demolished, with the HPA attending to the demolition, including the removal of asbestos believed to be present, at its own cost as a further contribution to the project.

The proposal provides purpose-designed gallery and studio space within the new facility – a 68m² studio and gallery with a 34m² gallery store – and it is intended that the business occupy part of that space, giving it a substantially improved operating environment. The remainder of the studio and gallery would be available for other local and visiting artists.

The business has occupied the existing building on the understanding that development of the site was in prospect. Mr Ward has been aware throughout that plans for the site were being progressed and that he would need to make his own arrangements to relocate during demolition and construction. The HPA has undertaken under the Memorandum of Understanding to manage the transition and to maintain the relationship with the business through it.

The Shire records plainly that this is nonetheless a direct effect on an existing Aboriginal-owned enterprise operating from the project site, that the lease for the new premises has yet to be negotiated, and that the business will not be able to trade from the site during the construction period. The Shire invites submissions on this aspect of the proposal, including from the business itself.

The lease terms for the new studio and gallery – term, extent of space, rent and the basis of award – will be negotiated and dealt with under section 3.58 of the Act closer to practical completion. They are not settled by this plan.

8.5 Arts and cultural providers

Expected effect: beneficial.

There is presently no public gallery, exhibition space or dedicated arts facility in the Shire. Local artist groups, including the Kondinin Artist Group, and regional and visiting artists would gain exhibition and working space that does not currently exist. The independent analysis attributes $2.31 million in present value benefit to the art gallery and studio component and $2.69 million to museum and exhibition use.

The Shire does not consider that the proposal displaces any existing arts or cultural provider in the district, because none currently operates a comparable facility.

8.6 The Hyden Community Resource Centre

Expected effect: beneficial, subject to occupancy terms.

The Community Resource Centre would relocate from premises assessed as below the standard required to serve its community into purpose-built accommodation in a central and visible location, with a video conference room, hot desk area, Centrelink access point and adjacency to the library and meeting rooms.

The Centre reports to the Department of Primary Industries and Regional Development under the Western Australian Community Resource Network service agreement. The Shire's expectation is that the relocation will improve, not impair, the Centre's ability to meet its service agreement obligations. The terms on which the Centre occupies the building have not been settled and will be the subject of a separate agreement.

8.7 Visiting health, legal, government and training providers

Expected effect: beneficial.

The Shire has no resident general practitioner or dentist and depends on a visiting general practitioner service. Visiting health professionals, allied health providers, legal practitioners and government officers presently have no suitable private, technology-enabled space in Hyden.

The Centre's video conference room and multi-purpose rooms would provide that space, supporting telehealth, outreach clinics and professional consultation. Registered training organisations and TAFE would gain a venue capable of supporting vocational education delivery, which the Wellbeing Profile records as presently absent from the Shire.

The Shire makes no commitment on behalf of any such provider. Whether services are in fact delivered from the Centre depends on decisions by those providers.

8.8 The lessor of the Shire's current Hyden premises

Expected effect: adverse.

The Shire currently leases shopfront premises in Hyden for library and tourism services at a monthly rent of $1,772.73, under a lease terminable on notice. Relocation into the Centre would end that tenancy at the expiry or termination of the lease, with a consequent loss of rental income to the lessor and the release of the premises to the market.

8.9 Neighbouring local governments and regional tourism

Expected effect: beneficial.

Hyden is the anchor destination of the Pathways to Wave Rock trail, a formal regional tourism brand managed since 1998 by the Roe Tourism Association, a not-for-profit partnership of the Shires of Beverley, Bruce Rock, Corrigin, Kondinin, Kulin, Lake Grace, Narembeen and Quairading, and marketed through Tourism WA, Australia's Golden Outback and the Central Wheatbelt Visitor Centre.

The Shire's assessment is that the mechanism of benefit is dwell time rather than diversion: a visitor who stays overnight in Hyden is available the following day for the remainder of the route, and the associated expenditure falls across the trail Shires rather than in Kondinin alone. The independent analysis models the tourism benefit on a regional visitor base for that reason.

The Shire does not consider that the Centre would compete with visitor facilities in neighbouring districts, but neighbouring local governments and their communities are invited to make submissions.

8.10 Childcare provision

Expected effect: potentially beneficial, contingent.

Relocation of the Community Resource Centre would release its existing building. If that building were converted to a childcare facility, the effect on childcare provision in Hyden would be significant, given the reported building condition issues affecting the current facility. No decision has been made and no funding has been identified for such a conversion, and none is required for this transaction to proceed. The conversion would be a separate project requiring its own funding and its own Council decision. The Shire records the opportunity as a possible consequential benefit, not as a commitment.

9. Expected Financial Effect on the Shire

Section 3.59(3)(c)

9.1 The Shire's financial position

The Shire of Kondinin is a Class 4 local government with a population of 847 at the 2021 Census, estimated at 874 in 2025, and 933 rateable properties, responsible for approximately $270 million of assets.

Indicator	Value	Source
Total operating expenditure	$16.15 million	2024-25 audited financial statements
Rate revenue	$3.73 million	2024-25 audited financial statements
Own-source revenue	$5.81 million	2024-25
Own-source revenue coverage of operating expenditure	36%	2024-25
Depreciation	$10.09 million	2024-25
Total assets	$270.08 million	2024-25
Closing surplus	$2.68 million (from $5.42 million)	2024-25
Total reserves	$4.48 million	2024-25
Borrowings	$3.69 million	2024-25
Unused loan facilities at 30 June 2025	Nil	2024-25
Audit opinion	Unmodified, issued 5 December 2025	Office of the Auditor General
Current ratio	1.30 (benchmark ≥1.0)	Long-Term Financial Plan 2024-2033, 2025/26
Debt service cover ratio	8.0 (benchmark ≥2.0)	Long-Term Financial Plan 2024-2033, 2025/26
Own-source revenue coverage	56% (target 40-60%)	Long-Term Financial Plan 2024-2033, 2025/26

The Shire's balance sheet is sound and its debt position is low. That does not mean the Shire could fund this project unaided. Phase 2 alone costs more than twice the Shire's entire annual own-source revenue. Funding the balance of the project from rates would require more than three times a full year of rate revenue, or approximately $12,600 from every rateable property in the district.

9.2 Capital cost and funding

Source	Amount	Status
Commonwealth grant – regional development program	$8,205,086	Application to be lodged when the round opens, forecast for late 2026
State grant – arts and culture infrastructure	$2,080,123	Lodged 10 August 2026; outcome advised as expected December 2026
Shire of Kondinin – cash	$1,400,000	Proposed
Hyden Progress Association – cash	$500,000	Committed
Sub-total, Phases 1 and 2	**$12,185,209**	
Phase 3 – exhibition fitout and cultural consultation	$1,040,000	To be sought from grant programs and community fundraising following Phase 2, comprising $995,000 across the five exhibition themes and $45,000 for cultural heritage consultation with Elders; $125,000 of community contribution identified across 2026 and 2027. A further contribution is anticipated through the CBH Loadnet grower system, the value of which depends on harvest and is not able to be fixed in advance
Total cash	**$13,225,209**	
Hyden Progress Association – land (in kind)	$250,000	Committed
Shire of Kondinin – waived authority fees (in kind)	$25,000	Committed
Total including in-kind	**$13,500,209**	
Hyden Progress Association – demolition of the existing building, including asbestos removal	$20,000 estimated, plus HPA in-kind contribution not separately valued	Committed; undertaken by the HPA before transfer and additional to the amounts above

Approximately 88% of the cash cost of Phases 1 and 2 is proposed to be met from sources other than the Shire.

9.3 The Shire's contribution and how it is funded

Element	Amount	How funded

Element	Amount	How funded
Phase 1 cash – design and documentation, cost benefit analysis and preliminary costs	$256,500	Expended; funded from the Hyden Discovery Centre Reserve and municipal fund
Phase 2 cash – construction stage contribution	$1,143,500	Hyden Discovery Centre Reserve, with the balance to be provided for through the annual budget and Long-Term Financial Plan. **[INSERT: amount and budget year of each municipal contribution to be raised]**
In kind – waived authority fees, valued within the Quantity Surveyor's construction cost report	$25,000	Absorbed within existing operations
Total Shire contribution	**$1,425,000**	

At 30 June 2025 the Hyden Discovery Centre Reserve held $935,796, and at 30 June 2026 it held $977,706. The Shire's contribution is therefore substantially pre-funded. The residual amount of $422,294 is to be provided for through the annual budget process across the construction period, in the years shown above.

The Shire's contribution excludes the ordinary costs of acquiring the Land recorded at section 4.2.

The Shire does not propose to borrow for this project. No new borrowing is contemplated and the debt service cover ratio is not expected to be affected.

The Shire does not propose any rate increase attributable to this project.

The Shire's contribution is additional to its earlier funding of initial design development undertaken before the 2026 recalibration of scope.

9.4 Effect on the Shire's balance sheet

On completion the Shire would recognise:

- land valued at $250,000, acquired for consideration of $1; and
- a building and fitout asset of approximately $13.23 million.

The Shire's total asset base of approximately $270 million would increase by approximately 5%. The capitalisation treatment of the Phase 1 preliminaries and the Phase 3 exhibition content will be determined on completion in accordance with the Shire's accounting policies and the Australian Accounting Standards.

9.5 Recurrent financial effect

The recurrent effect is the material long-term financial consequence of this transaction. The Shire will hold a new building for the life of the asset and must fund its operation, maintenance and renewal.

Basis. The figures in this section are drawn from the *Commercial Proposal – Hyden Discovery Centre Financial Model* dated 13 July 2026, a ten-year operating model prepared for the Shire. The model was prepared before the Design Development Report of 31 July 2026 and before the Econisis economic analysis, and its inputs differ from those used elsewhere in this plan. Every one of those differences is set out at section 9.5.1. With the exceptions identified there, they cause the model to overstate what the Centre costs the Shire or to understate what it earns. The Shire has elected to present the model as it stands rather than to relax those assumptions.

The figures are a total-cost measure, and are put forward as such. The model measures the whole cost of running the Centre against a nil baseline. It does not adjust for the cost the Shire already incurs delivering library, visitor information and Community Resource Centre services in Hyden from buildings it already holds or leases. Those costs continue whether or not this transaction proceeds, so the effect of the transaction on the Shire – the measure section 3.59(3)(c) is directed to – is smaller than the figures below. Section 9.5.7 explains the difference, identifies each line that would reduce the figure and each that would not, and explains why the Shire has not reduced the total to a single incremental number in this plan.

Two measures, and the difference between them. This section reports the operating position on two bases, and the distinction matters. The **cash position** excludes depreciation; it is what the facility costs the Shire to run each year. The **accrual position** includes depreciation of $322,750, being the annual consumption of the asset. References in this plan and in the project's other documents to the facility approaching operational sustainability by year 11 are references to the **cash position, excluding depreciation**. They are not a statement that the accrual result reaches nil, and depreciation will remain a charge against the Shire's operating result for the life of the asset whatever the visitor numbers.

The Shire has chosen the conservative measure deliberately. The effect of reporting the position this way is that the plan overstates the burden this transaction places on the Shire. That is the error the Shire prefers to make in a document advertised for public submission and put to Council for decision under section 3.59(5). No submitter is disadvantaged by a figure that is too high, and Council cannot be committed to more than it understood. The offsetting adjustments are described at section 9.5.7 so that any reader can see their size and direction and form a view on them.

9.5.1 Reconciliation with the rest of this plan

The operating model and the independent economic analysis at section 9.7 use different inputs. Every difference is set out below. They fall into three groups, and the direction of each matters more than its existence.

Group 1 – inputs since overtaken. These inputs have been superseded by later work. Most of them make the reported position worse than the position the Shire in fact expects, and the Shire has left them in place for that reason. The floor area is the one input in this group that runs the other way, and it is dealt with at Group 3; the operating year and the useful life are matters of presentation and of accounting policy rather than of direction.

Input	Used elsewhere in this plan	Used in the 13 July 2026 model	Effect of the difference
Building capital cost	$12,185,209 for Phases 1 and 2. The Quantity Surveyor's design development estimate of 31 July 2026 totals $12,008,000 including preliminaries, which is the figure the Econisis analysis applies; see section 4.3	$12,910,000, on the HWA concept design estimate of May 2026	Overstates depreciation and the maintenance and renewal provisions, which are struck as percentages of capital cost
Building floor area	928m² fully enclosed covered area and 873m² useable floor area, on the Schedule of Accommodation in the Design Development Report Revision B	849m², taken from an earlier iteration of the schedule	Understates cleaning, utilities and maintenance. The one input in this group that runs against the Shire; dealt with at Group 3

Input	Used elsewhere in this plan	Used in the 13 July 2026 model	Effect of the difference
First full operating year	Practical completion August 2028; first full year 2029-30	2027-28	Model years are two years early; escalation to the correct base year is required
Building useful life	To be confirmed on capitalisation	40 years, giving depreciation of $322,750 a year	**The useful life is settled on capitalisation under the Shire's asset accounting policy. Depreciation is reported at the modelled figure until it is**
Executive Officer cost share	Cost-shared with the HPA at 80/20 in years 1-5 and 50/50 in years 6-10	Full position cost of $160,000, with no HPA share modelled	Overstates the Shire's cost by approximately $32,000 a year in years 1-5 and $80,000 a year in years 6-10
Leased Hyden shopfront premises	Rent ceases on relocation (section 7.2)	Not modelled	Understates the net benefit by the amount of the rent saved

Group 2 – deliberate conservatism. These are not errors. In each case the Shire's operating model adopts an assumption less favourable than the one the independent economic analysis supports, so that the operating position put to Council and to the community is not dependent on the economic analysis being achieved.

Input	Independent economic analysis (Econisis)	Shire operating model	Direction
Exhibition and gallery visitation	18,175 a year – 20% of local residents plus 15% of greater regional tourism	7,500 to 22,500 a year, with early years assessed as likely to fall below the lowest scenario	Shire model more conservative in its planning case
Growth in visitation over the period	Tourism uplift grows across the twenty-year assessment	Visitor numbers held flat for all ten years; only prices escalate	Shire model more conservative
Retail activity	Turnover of $1,105,000 a year across 130m², at an industry benchmark of $8,500 per m²	Fixed lease income only – eatery $20,800 and gift shop $7,800 a year, totalling $28,600	Shire model more conservative, and takes no share of turnover
Arts studio and gallery	Three artists working twenty hours a week, at full attribution because the space does not presently exist	Gallery sales commission of $1,843 and artist display fees of $811	Shire model more conservative
Event hosting	26 events a year in the 80-seat performance-capable room	Venue hire income of $15,493 a year across the board room, theatre and studio	Shire model more conservative
Tourism information display income	Not separately modelled	Deferred entirely until year 4 as too optimistic before the building has an established visitor base	Shire model more conservative
Merchandise income	Not separately modelled	Removed entirely; gift shop leased to a private operator rather than Shire-run	Shire model more conservative

Input	Independent economic analysis (Econisis)	Shire operating model	Direction
Admission charge	Not modelled	$20 ex GST per visitor, subject to Council resolution	Not comparable – see section 9.5.4

The one input on which the Shire's model is *less* conservative is the visitor base: it uses 150,000 district visitors a year against the 120,000 midpoint Econisis adopts. That difference is offset, and more, by the capture rate the Shire treats as likely. Econisis's exhibition visitation of 18,175 a year is equivalent to a capture rate of 12.1% on the Shire's 150,000 base – between Scenarios B and C – whereas the Shire's model records that early-year capture is likely to fall below Scenario A.

Group 3 – the two respects in which the model understates cost. The Shire records these because the figures below cannot be described as an upper bound without them.

- The model strikes its cleaning, utility and maintenance lines on 849m² rather than on the 928m² design.
- The model flags its own allowances for public liability and building insurance ($5,528) and general building maintenance ($1,843) as likely to be understated for a building of this value and size.

An insurance quotation for the completed building and a maintenance schedule based on the 928m² design are to be obtained, and the affected lines corrected, before this plan is adopted for advertising. Both corrections are bounded and known in direction. Neither disturbs the conclusion below, because the offsets described at section 9.5.7 run the other way and are substantially larger.

The overall effect is that the modelled operating deficit at section 9.5.5 is an upper bound on the recurrent position rather than a central estimate. Groups 1 and 2 both run in the Shire's favour and are substantial. Group 3 runs against it, is comparatively small, and is bounded once the quotation and schedule are obtained. Neither figure is net of the offsets described at section 9.5.7, which run in the same direction as Groups 1 and 2.

9.5.2 Total operating expenditure

Costs below are the modelled first full year, in the model's 2027-28 base, escalated at 4.2% a year thereafter.

Cost item	First full year
Building and services	
Cleaner and materials	$60,836
Gardening	$14,053
Electricity	$6,756
Public liability and building insurance	$5,528
Water charges	$2,825
Phone charges and IT	$1,843
General building maintenance	$1,843
Bin collection	$1,278

Cost item	First full year
Air conditioning maintenance	$1,228
Plumbing maintenance	$614
Electrical maintenance	$614
Pest control	$307
Vandalism allowance	$307
Carpark maintenance	$123
Staffing and operations	
Executive Officer – total package	$160,000
Customer Service Officers (two positions)	$140,000
Volunteer recognition allowance	$13,414
Programme and visitor services	
Furniture and fittings	$6,142
Hospitality expenses	$3,071
Other expenses	$1,843
Total cash operating cost	**$422,625**
Depreciation ($12.91m over 40 years)	$322,750
Total operating expenditure	**$745,375**

Two line items are flagged in the model itself as requiring review. Public liability and building insurance at $5,528 is assessed as likely to be low for a building of this value, and an actual quotation is required. General building maintenance at $1,843 is assessed as low for a building of this size. Both are understated rather than overstated, so the position below is more likely to worsen than improve.

Periodic costs sit outside the annual figures above: major planned maintenance of $152,194 in year 5, struck at 1% of capital cost, and asset renewal of $560,863 in year 10, struck at 3%. Both fall to the Shire.

9.5.3 Operating income other than admissions

Income stream	First full year
Eatery tenancy - $400 a week	$20,800
Venue hire – board room, theatre and studio	$15,493
Education activities and school groups	$8,599
Gift shop lease - $150 a week	$7,800
Discovery Centre activities	$6,142
Gallery sales commission	$1,843

Income stream	First full year
Photographer and artist display fees	$811
Tourism information shelving	Nil – deferred to year 4, then $20,846 a year
Total	**$61,487**

Individual figures are rounded and do not sum exactly to the total.

Operational sustainability by year 11, as described in the project's operating model and the Memorandum of Understanding, is measured on the cash position excluding depreciation.

The model records that the gift shop is now assumed to be privately operated as a leased tenancy rather than Shire-run, which removes both the merchandise purchasing cost and the associated staff time but reduces gross income. It also records that the venue hire figure includes a rate for the gallery space that has not been resolved, and that the tourism information shelving income was deferred as too optimistic before the building has an established visitor base.

9.5.4 Admission charge and visitor capture

The model assumes an admission charge of $20 per visitor excluding GST, benchmarked against comparable Western Australian attractions, and applies it to a share of an assumed 150,000 district visitors a year. Neither the charge nor its level has been resolved by Council. The decision whether to charge for admission is a material one, and comment on it is specifically invited.

Five visitor capture scenarios are modelled.

Scenario	Capture rate	Visitors a year	Admission revenue, first full year
A	5%	7,500	$150,000
B	10%	15,000	$300,000
C	15%	22,500	$450,000
D	20%	30,000	$600,000
E	25%	37,500	$750,000

The model's own note records that the most likely outcome in the Centre's early years is below Scenario A, rising to Scenario B or C over two to three years, on the basis that repeat visitation is unlikely.

9.5.5 Net position on a total-cost basis

Measure	A (5%)	B (10%)	C (15%)	D (20%)	E (25%)
Total income, first full year	$211,487	$361,487	$511,487	$661,487	$811,487
Total expenditure, first full year	$745,375	$745,375	$745,375	$745,375	$745,375
Net operating position (accrual)	**($533,888)**	**($383,888)**	**($233,888)**	**($83,888)**	**$66,112**
Net operating position (cash, excluding depreciation)	**($211,138)**	**($61,138)**	**$88,862**	**$238,862**	**$388,862**
Accrual deficit as a proportion of rate	14.3%	10.3%	6.3%	2.2%	-

Measure	A (5%)	B (10%)	C (15%)	D (20%)	E (25%)
revenue ($3.73m)					
Accrual deficit per rateable property (933 properties)	$572	$411	$251	$90	-
Cash deficit per rateable property	$226	$66	-	-	-

9.5.6 Sensitivity – the position if the independent economic analysis is achieved

Because the operating model is deliberately conservative, it is useful to show what the position would be if the visitation assumed in the independent economic analysis at section 9.7 were achieved. That analysis, issued in final form on 10 August 2026, was prepared to the Western Australian Treasury Project Evaluation Guideline, describes its own method as conservative by construction – simple multipliers only, Western Australian multipliers only, and attribution rates of 50% on most benefits – and adopts a museum and art gallery visitation of 18,175 a year, comprising 20% of local residents and 15% of greater regional tourism.

Measure	Shire planning case (Scenario B, 10%)	Econisis visitation case
Visitors to the exhibition and gallery a year	15,000	18,175
Equivalent capture rate on 150,000 district visitors	10.0%	12.1%
Admission revenue at $20 ex GST	$300,000	$363,500
Income other than admissions	$61,487	$61,487
Total income, first full year	**$361,487**	**$424,987**
Total operating expenditure	$745,375	$745,375
Net operating position (accrual)	**($383,888)**	**($320,388)**
Net operating position (cash, excluding depreciation)	**($61,138)**	**$2,362**

On the Econisis visitation figure, and on the Shire's own conservative cost and income assumptions in every other respect, the Centre is approximately cash-neutral in its first full year of operation, before any of the incremental adjustments at section 9.5.7 and before the Shire's other conservative income assumptions are relaxed. The accrual deficit in that case is the depreciation charge, less a small operating surplus.

The Shire records three qualifications on that result.

- It assumes every exhibition visitor pays the full $20. A concession for local residents would reduce the figure, though only marginally: on the Econisis composition, residents are approximately 170 of the 18,175.
- It holds every other conservative assumption at section 9.5.1 in place. The income at section 9.5.3 is modelled on fixed lease income of $20,800 for the eatery and $7,800 for the gift shop. If the retail turnover the independent analysis models were achieved and the tenancies were instead struck on a share of turnover, income would be higher again. The basis on which those tenancies are let is not a matter for this business plan: it will be settled with the tenancy terms, under section 3.58 of the Act, closer to opening.
- It does not correct the two cost lines the model flags as understated, which run the other way.

The Shire does not put this forward as its planning case. Council should plan on the conservative figures at section 9.5.5. It is presented so that the community can see the range within which the outcome is likely to fall, and so that the two analyses in this plan can be read against one another.

9.5.7 The basis of the figures, and why they overstate the effect

The figures at sections 9.5.2 and 9.5.5 are the **total** cost of operating the Centre. They are not the financial effect of the transaction on the Shire, and they overstate it.

Section 3.59(3)(c) requires details of the transaction's *expected financial effect on the local government*. An effect is a difference: the Shire's position with the transaction, less its position without it. The Shire already funds library services, tourism and visitor information services and support for Community Resource Centre operations in Hyden, and it already carries the buildings from which those services are delivered. Costs the Shire would incur in any event are not an effect of this transaction.

This is also the basis on which the economic analysis at section 9.7 was prepared. Econisis counts only incremental costs and benefits above the status quo, and applies the principle to this very point: it discounts the facility worker benefit by 50% expressly because some of those positions transfer from the Community Resource Centre rather than being new. The two analyses in this plan should therefore be read consistently with one another, and the Shire should not be understood as carrying a new cost where the economic analysis has already recognised a transfer.

Why the plan states the total cost. The Shire has not reduced the total to a single incremental figure. There are three reasons.

- The largest single offset – the cost avoided on the existing Community Resource Centre building – depends on a decision Council has not made and is not required to make for this transaction. Whether that building is retained, repurposed or disposed of determines whether the offset is nil or substantial. A single incremental figure would conceal that dependency behind a precision it does not have.
- Overstating the Shire's own burden is the prudent error in a document advertised for public submission and put to Council for a decision under section 3.59(5). No submitter is disadvantaged by a figure that is too high. The opposite error – a plan that understates what the Shire is taking on – cannot be corrected after the decision is made.
- The composition and direction of the difference can be stated without the arithmetic, and are stated below. A reader can see every line that would reduce the figure, every line that would not, and which way each runs.

Consolidation efficiencies. The design consolidates functions presently delivered from separate buildings into one, around a single shared entry foyer and reception. The efficiencies that follow are real and are not captured in a standalone model:

- one reception and front-of-house point serving the library, visitor information, Community Resource Centre and exhibition functions, rather than staffed points in separate buildings;
- one set of public amenities, one plant room, one cleaning contract, one waste service, one insurance policy and one communications connection;
- shared use of the same rooms across community, training, professional consultation and cultural functions, rather than separate rooms sitting idle between uses; and
- lower energy cost per square metre than the ageing stock it replaces, through photovoltaic generation, passive solar orientation and the thermal mass of rammed earth construction.

What would net off, and what would not. The table sets out every line standing between the total cost at section 9.5.2 and the incremental effect of the transaction. It is stated by direction rather than by amount, for the reasons given above.

Line	Direction	Status
Total operating expenditure – the Centre (section 9.5.2)	**$745,375**	**The figure reported in this plan**
Lines that would reduce it		
Rent and outgoings on the leased Hyden shopfront premises	Reduces	Certain. The lease ends on relocation and the saving is full
Utilities, cleaning, communications and consumables at the leased premises	Reduces	Certain, on the same basis
Operating, utility and maintenance costs of the existing Community Resource Centre building	Reduces	Contingent on the future of that building – see the three cases below
Shire contribution to, or support for, Hyden Community Resource Centre operations	Reduces	Continues in some form; the extent depends on the occupancy terms settled under section 3.58
Library and visitor servicing staffing already funded, to the extent it transfers rather than being added	Reduces	To be confirmed against the establishment before the operating budget is adopted
Planned maintenance and renewal on the existing buildings that would no longer be incurred	Reduces	Contingent on the future of the existing building
HPA share of the Executive Officer position – 20% in years 1-5, 50% in years 6-10	Reduces	Committed under the Memorandum of Understanding; not modelled (section 9.5.1)
Depreciation on the existing Community Resource Centre building	Reduces	Only if that building is disposed of or written down
Lines that would not reduce it		
Depreciation on the new asset - $322,750	No change	Wholly new. Remains at any level of visitation
Gallery, arts studio, exhibition space, multi-purpose rooms and café	No change	New functions with no existing baseline. Wholly incremental
Executive Officer position, and any part of the two Customer Service Officer positions that is additional rather than transferred	No change	New establishment
Additional floor area	No change	The Centre is larger than the sum of the spaces it replaces, and cleaning, utilities and maintenance scale with area
Lines that would increase it		
Insurance and general building maintenance allowances, and the cost lines struck on 849m² rather than 928m²	Increases	Section 9.5.1, Group 3. To be corrected before adoption

Income must be netted on the same basis. The discipline applies symmetrically. Part of the income at section 9.5.3 is income the Shire already receives – venue hire, tourism information display fees and similar – and to that extent it is not new. The amounts are small in the context of the totals reported: all income other than admissions is $61,487 against total expenditure of $745,375, and only a part of that is presently received. The net effect of applying the discipline to both sides of the account is therefore to reduce the reported deficit, not to increase it.

The fate of the vacated buildings determines the size of the offset. Only one of the three possible outcomes produces a certain saving, which is why this plan does not state a single incremental figure.

Vacated building	Outcome	Cost avoided
Leased shopfront premises	Lease expires or is terminated	Full and certain – rent, outgoings and associated running costs cease
Existing Community Resource Centre building	Retained and repurposed, for example for childcare as contemplated at section 8.10	Little or none. The Shire continues to hold, insure, maintain and depreciate the building, and further fitout capital may be required
Existing Community Resource Centre building	Disposed of	Full saving plus a capital receipt, but the disposal is itself subject to section 3.58 of the Act and would require its own process

The Shire has made no decision on the future of the existing Community Resource Centre building, and no such decision is required for this transaction. That building is not part of the land or the works assessed in this plan, and its future use is a separate matter for Council, to be dealt with in its own right and, if it is to be disposed of, under section 3.58 of the Act.

What section 3.59(3)(c) does require is that the financial effect of *this* transaction be stated. The Shire has stated it on the total-cost basis, which is the higher of the two available measures, and has set out in this section every line by which the true effect is smaller and every line by which it is not. The avoided-cost figures will be before Council when it decides on the continuing subsidy, through the operating budget and the re-modelling of the Long-Term Financial Plan required at section 15.2 before the construction contract is executed. Comment on this treatment is specifically invited.

9.5.8 Ten-year position and whole-of-life cost

Measure	A (5%)	B (10%)	C (15%)	D (20%)	E (25%)
Ten-year net operating deficit (accrual)	($6,333,484)	($4,515,777)	($2,698,069)	($880,361)	$937,346
Ten-year net operating deficit (cash)	($3,105,984)	($1,288,277)	$529,431	$2,347,139	$4,164,846
Whole-of-life cost – ten-year accrual deficit plus the $1.4m Shire cash capital contribution	$7,733,484	$5,915,777	$4,098,069	$2,280,361	$462,654

The ten-year deficit grows rather than narrows across the modelled period, because costs escalate on a larger base than income and because the year 5 maintenance and year 10 renewal provisions fall within the period.

9.5.9 The Shire's assessment

The Shire records the position plainly.

The Centre will operate at a permanent net cost to the Shire, as the Shire's library, hall, park and recreation facilities already do. Two figures describe that cost, and they are not the same.

On a total-cost basis, across Scenarios A to C – the range the model treats as the realistic operating position once the Centre is established – the accrual deficit in the first full year is between approximately $234,000 and $534,000, and the cash position runs from a deficit of $211,000 at Scenario A to a surplus of $88,862 at Scenario C. The model's own note records that capture in the opening year or two is likely to sit below Scenario A, so the deficit is expected to be larger than the top of that range at first and to narrow as the income base matures. The upper end of that range is equivalent to more than 14% of the Shire's rate revenue, or about $572 for every rateable property.

Those figures are an upper bound rather than a central estimate. Section 9.5.1 sets out seven respects in which the operating model adopts assumptions less favourable than the independent economic analysis supports – flat visitation for ten years, fixed rather than turnover-based tenancy income, no merchandise income, deferred display income, and conservative treatment of the gallery and event activity. At the visitation the independent analysis assumes, and holding every one of those conservative assumptions in place, the Centre is approximately cash-neutral in its first full year: section 9.5.6.

The effect of the transaction is smaller than either figure. Section 3.59(3)(c) is directed to the difference the transaction makes, not to the total cost of the facility. The reasons are set out at section 9.5.7: the Shire already funds library, visitor information and Community Resource Centre services in Hyden, already leases premises for two of them, and already holds and maintains the buildings from which they operate. Those costs continue whether or not this transaction proceeds and are not an effect of it. Consolidating four functions into one building with a single reception, one set of amenities, one plant room and one cleaning, insurance and communications arrangement produces efficiencies that a standalone model cannot show.

The plan does not state a single incremental figure, and does not do so deliberately. The largest offset – the cost avoided on the existing Community Resource Centre building – depends on a Council decision that has not been made and is not required for this transaction. The Shire has therefore reported the higher measure and disclosed the composition and direction of every offset at section 9.5.7, rather than reducing a contingent calculation to a number that would carry more precision than it deserves. The consequence is that this plan overstates what the transaction costs the Shire. Comment on that treatment is specifically invited.

Four adjustments would reduce the total-cost figure and none is in the model: the avoided cost of the existing arrangements; the HPA's contribution to the Executive Officer position; the staffing presently funded for library, tourism and Community Resource Centre services, part of which transfers rather than being additional; and the correction of the capital cost from $12.91 million to the design development estimate, which reduces depreciation and the maintenance and renewal provisions.

Three adjustments will increase it: the insurance and building maintenance allowances, both of which the model flags as likely to be understated, and the cost lines the model strikes on 849m² rather than on the 928m² design. And one element does not net off at all – the depreciation charge of $322,750 is new, and remains new unless an existing building is disposed of or written down.

Operational sustainability by year 11. That statement, which appears in the project's operating model and in the Memorandum of Understanding, refers to the cash position excluding depreciation, and on that measure the model supports it. The Centre is cash-positive in its first full year from Scenario C upward, and at Scenario B the first-year cash deficit is $61,138 and closes as the income base matures. At the visitation the independent economic analysis assumes, the Centre is cash-positive from the first full year. Only Scenario A, which the model treats as the likely position in the opening year or two rather than a steady state, remains cash-negative across the period.

What year 11 does not mean is that the accrual result reaches nil. Depreciation of $322,750 is a charge against the Shire's operating result for the life of the asset, at any level of visitation. It is the annual consumption of the building and it is the measure of what must eventually be funded for renewal. Council should read the two measures together and should not treat cash sustainability as removing the need to provide for renewal.

The level of continuing operating subsidy and renewal provision the Shire is prepared to commit to is a matter for Council, to be determined when it considers submissions and decides under section 3.59(5) whether to proceed. It is not settled by this plan, and submissions on it are specifically invited.

The Shire also notes that a favourable economic benefit cost ratio, as reported at section 9.7, and a recurrent operating deficit are not in conflict. The first measures value to the regional economy; the second measures cash and accounting cost to the Shire. Both are true at once, and both are relevant to Council's decision.

9.6 Financial risk if grant funding is not obtained

If either of the two Phase 2 grant applications is unsuccessful, the project cannot proceed on the funding model in this plan. In that event:

- no construction contract would be let and no construction expenditure incurred;
- the Land would not be transferred and the Shire would not acquire it;
- the Phase 1 expenditure of $437,209, of which the Shire contributed $256,500, would not be recoverable; and
- Council would consider whether to abandon the project, defer it pending further funding rounds, or bring forward a revised proposal.

The Shire will not commit to construction expenditure in advance of confirmed funding. A funding hold point is programmed for February 2027 for that purpose.

A revised proposal brought forward on a different funding model would be significantly different from the transaction described in this plan. Section 3.59(6) would require the Shire to prepare a fresh business plan and give fresh Statewide public notice before commencing it, and that plan would have to set out the revised proposal in full – including its funding, its delivery and management arrangements and the resourcing required to deliver it – for public submission and a further Council decision.

9.7 Economic assessment

An independent Cost Benefit Analysis and Economic Impact Assessment was prepared by Econisis for the Shire, issued in final form on 10 August 2026, to the Western Australian Treasury Project Evaluation Guideline and Standard Business Case template and the discount rate conventions of the Commonwealth Office of Impact Analysis.

Measure	4%	7% (central)	10%
Present value of costs	$13.29m	$12.78m	$12.38m

Measure	4%	7% (central)	10%
Present value of benefits	$46.40m	$35.84m	$28.52m
Net present value	$33.11m	$23.06m	$16.14m
Benefit cost ratio	3.49	2.81	2.30

The largest single benefit is regional tourism uplift at $16.69 million in present value terms at the central rate, followed by facility worker Gross Value Added at $6.21 million and Discovery Centre and museum use at $2.69 million. The facility worker benefit is struck on 10.5 full-time equivalent positions at a productivity value of $122,358 a worker, with a 50% attribution rate applied specifically because some of those positions transfer from the Community Resource Centre rather than being wholly new to the district.

The analysis models a twenty-year assessment period following a two-year construction phase, counts only incremental costs and benefits above the status quo, applies attribution rates of 50% to most benefits, uses 120,000 visitors as the midpoint of the Wave Rock visitation range, and excludes induced household consumption effects by using simple multipliers only. The two-year construction phase is assessed as generating $23.82 million in output, $7.11 million in Gross Value Added and $3.81 million in income to the Western Australian economy, supporting an average of 19.1 full-time equivalent positions a year.

The construction cost the analysis applies, $12,008,000, is the Quantity Surveyor's design development estimate of 31 July 2026, inclusive of preliminaries, and is current. It exceeds the Phase 2 capital build figure of $11,748,000 at section 4.3 by $260,000 of project preliminaries which this plan accounts for within Phase 1.

The Shire records three matters bearing on how the analysis should be read.

- **The analysis is a cost of capital assessment.** Econisis states that its approach focuses on the up-front capital cost of the project with reduced consideration of ongoing operational costs beyond whole-of-lifecycle maintenance, and does not discount financial revenues that the project might secure to offset operating costs. The benefit cost ratio therefore says nothing about whether the completed facility runs at a surplus or a deficit. That question is answered at section 9.5, and the answer is a deficit. The two findings are complementary, not contradictory.
- **It measures value to the economy, not cash to the Shire.** Most of the modelled benefit accrues to businesses, visitors, artists and residents across the region rather than to the Shire's operating result.
- **It does not monetise the cultural, heritage, health and inclusion outcomes** that are the project's purpose, and to that extent understates the case.

The full analysis accompanies this business plan as Appendix C.

10. Expected Effect on the Shire's Plan for the Future of the District

Section 3.59(3)(d)

10.1 The Shire's plan for the future

Section 5.56 of the Act requires a local government to plan for the future of its district. The Shire discharges that obligation through its Strategic Community Plan 2022-2032 and its Corporate Business Plan, supported by the Long-Term Financial Plan 2024-2033, the Asset Management Plans and the Workforce Plan.

The Strategic Community Plan was developed through community workshops in Hyden and Kondinin, a Council workshop, a community survey and individual submissions, with a total engagement reach of 100 participants. It records the Shire's vision as "to have a thriving and sustainable future" and organises community priorities under four themes: Community, Economy, Environment and Civic Leadership.

10.2 Effect on adopted strategic priorities

Priority	Adopted measure of success or action	Expected effect of the proposal
2.3 Coordinated planning and promotion of the visitor and tourist experience	"Complete the Hyden Visitor Centre with additional funding"; action 2.3(e) "Apply for funding to construct the Hyden Visitor Centre". The Shire's Annual Report 2024-25 records this measure as not yet achieved and carries it forward as a 2025-26 strategic priority against the notation "grant applications and advocacy"	Direct delivery of an adopted priority. The Plan's schedule of major projects lists the Hyden Visitors Centre at an indicative $7.5 million with the notation that the project is to be brought forward in the Long-Term Financial Plan if funding is possible. This proposal is that project, at a revised scope and cost
2.3 (continued)	Action 2.3(a) "Update and improve visitor information infrastructure as well as online, face to face and print communication channels"; action 2.3(g) "Add value to the Great Western Woodlands and Pathways to Wave Rock trails"	Delivered directly through the exhibition, interpretive content and visitor servicing function
1.1 Community members have the opportunity to be active, engaged and connected	"We are showcasing local artists and attracting cultural events to our communities"; action 1.1(a) "Source funding and co-ordinate delivery on initiatives that support arts, culture and learning"; action 1.1(c) "Support local arts, cultural and town centre activation initiatives"	Delivered through the gallery, arts studio, exhibition space and multi-purpose rooms
1.1 (continued)	Action 1.1(b) "Jointly plan with the two Community Resource Centres to deliver community events and initiatives"	The Hyden Community Resource Centre is a steering group member and future occupant, and a joint owner of benefit reporting
1.2 Facilitate and advocate for quality health services, health facilities and programs	Action 1.2(e) "Advocate for improvements in telehealth and outreach services"; "Seniors have access to local support services and social programs"	The video conference room and multi-purpose rooms provide the physical capacity for telehealth, outreach and visiting practitioner services that Hyden presently lacks
1.3 Celebrate our pioneers, community members and protect our	"Shire owned heritage buildings and places of interest are maintained	The exhibition includes Hyden town history and Aboriginal culture

Priority	Adopted measure of success or action	Expected effect of the proposal
heritage	and managed appropriately”	themes, developed with Traditional Owners
2.1 Support the diverse industry across the Shire	Action 2.1(b) “Complete works as per the Hyden Revitalisation Plan”; “Passive spaces in central business districts are activated”	The Hyden Town Revitalisation Plan (2017) identifies this site for community building development adjacent to Lions Park. The site is currently an overflow gravel car park
2.5 We facilitate and support learning and education programs and services	“The Hyden childcare service is retained”; action 2.5(d) “Support the provision of childcare in our communities”	Indirect and contingent. Release of the existing Community Resource Centre building creates an opportunity for childcare use, subject to a separate Council decision and separate funding
1.4 Recreational and social spaces encourage active and healthy lifestyles	“Parks, nature reserves and community spaces are green, tidy, accessible and activated”	Pedestrian connections and landscape treatment link the site to Lions Park and Coronation Park
4.2 We are a compliant and resourced Local Government	“Financial sustainability in achieving community aspirations”; “Strategic Resource Plan – ratios”	This is the priority against which the proposal sits least comfortably. It adds a recurrent operating deficit and a depreciation charge to a Shire whose own-source revenue already covers only 36% of operating expenditure. Section 9.5 sets out the position in full. Council must weigh the delivery of priorities 2.3, 1.1 and 1.2 against the effect on this one

10.3 Effect on the Long-Term Financial Plan

The Long-Term Financial Plan 2024-2033 does not presently carry the full capital cost or the recurrent operating cost of the Centre. If Council resolves to proceed, the Plan will require amendment to incorporate:

- the Shire’s capital contribution across the construction period;
- the recurrent operating cost of the facility from its first year of operation, on the updated operating model described at section 9.5;
- the periodic provisions of $152,194 for major planned maintenance in year 5 and $560,863 for asset renewal in year 10, rebased to the final capital cost;
- the depreciation charge from capitalisation; and
- the renewal provision for the asset across its life.

The Plan’s current ratio outcomes, against which the effect of those amendments will be measured, are set out below.

Ratio	Benchmark	Current (2024/25)
Current ratio	≥1.0	1.30
Debt service cover ratio	≥2.0	8.0

Ratio	Benchmark	Current (2024/25)
Own-source revenue coverage	40-60%	56%

The Shire’s assessment is that the adjustments can be accommodated within the Plan’s existing ratio targets. That assessment is to be tested by re-modelling the Plan through its next review and reported to Council, which is the ordinary mechanism by which a project of this kind is brought into the Shire’s financial planning. The re-modelling is not a precondition to this plan; it is a consequence of a decision to proceed, and Council’s resolution at section 15.2 requires it to be completed before the construction contract is executed.

10.4 Effect on the Asset Management Plans

The Centre would be brought into the Shire’s Asset Management Plans on capitalisation. In 2026 the Shire consolidated its asset planning into a single strategic forum operating a standing reporting framework, asset management dashboard, action tracker, risk register and Council referral process, and Council endorsed a structured review of the Asset Management Plans and their alignment with the Long-Term Financial Plan, together with development of a Strategic Building Framework for the Shire’s built assets.

The Shire notes that its own asset reporting identifies buildings as a key-risk asset class. Adding a further significant building to a portfolio already identified as carrying elevated risk is a matter Council should weigh. The Shire’s assessment is that a new, purpose-built, thermally efficient and low-maintenance asset improves rather than worsens the portfolio’s average condition and risk profile, and that the addition is manageable within the framework adopted in 2026.

10.5 Effect on the Workforce Development Plan

The Shire’s Workforce Development Plan 2022/23-2026/27 anticipates this project. It records that the Discovery Centre and the Hyden Sports Centre “will take considerable resources to manage” and will likely exceed the resources of the Shire’s current workforce if added to normal workloads, and identifies a contract, project-based Project Manager as likely to be required. It also recommends that such a position not be engaged before a funding agreement has been awarded, so that the Shire is not left carrying a significant cost without the project – a recommendation the funding hold point described at section 6.5 gives effect to.

The Shire has responded to that finding by providing a $120,000 allowance for Shire project management within the project budget, with the intention that it be subcontracted to SITE Architecture Studio to provide project management during construction, rather than novating the architect to the contractor. That allowance is included in the arts and culture infrastructure grant request lodged on 10 August 2026, so the resourcing the Workforce Development Plan identifies as necessary is funded within the project rather than carried by the Shire’s operating budget. The engagement is contingent on funding confirmation, consistent with the Plan’s recommendation that such a position not be engaged before a funding agreement has been awarded. If the project were to come back in a revised form, the fresh business plan required by section 3.59(6) would address how the revised project is to be managed and how that resourcing is funded. The Shire’s assessment is that this arrangement addresses the workforce constraint identified in its own plan while preserving supervision distance between the party administering the contract and the party performing the work.

Operation of the completed facility will require a new Executive Officer position and will alter the duties of existing library, tourism and Community Resource Centre staff. The Workforce Development Plan will require review to reflect that.

11. The Shire's Ability to Manage the Transaction

Section 3.59(3)(e)

11.1 Governance framework

The project is governed by a Memorandum of Understanding between the Shire and the HPA, first executed on 11 November 2025 and updated and re-executed on 4 August 2026, which is the foundation document for governance, financial and operational arrangements across the project lifecycle and is attached as Appendix A.

The Shire is the project lead, the applicant on all funding applications, the party to each funding agreement, the holder of the construction contract, and the owner of the completed asset. The HPA is the support partner, leading community engagement, cultural liaison and community fundraising.

A Project Oversight Committee comprising representatives of both parties meets at least quarterly to monitor schedule and budget, provide strategic direction, and approve proposed changes to scope, timeline or risk before formal variation requests are made to funding bodies. Decision-making emphasises consensus, with the Shire holding final authority on financial, regulatory and project delivery matters and the HPA holding final authority on community engagement and cultural liaison matters.

The Hyden Community Resource Centre participates as a steering group member and future occupant.

11.2 Delivery capability

Design and documentation. Design development is complete and independently cost-planned. The professional team was assembled through formal Request for Quotation processes with documented, criteria-based assessment: a design and documentation Request for Quotation issued in December 2025 drew four competitive responses and resulted in the appointment of SITE Architecture Studio as lead architect with Amass as support architect, together with ADG (structural and civil), SMW&C (mechanical), CHD (hydraulic), Focus WA (electrical), HW & Associates (quantity surveyor), Moro Studio (landscape) and Emergen (sustainability). A separate Request for Quotation in May 2026 resulted in the appointment of Creative Spaces to prepare the Interpretive Plan.

Project management. SITE Architecture Studio is to be engaged under direct contract to the Shire to provide project management during construction and construction-phase services through to practical completion. The architect is not novated to the design and construct contractor.

Procurement. From funding confirmation, all procurement is undertaken by the Shire as project principal, governed by section 3.57 of the Act, Part 4 of the Regulations, the Shire's adopted purchasing policy, and the procurement framework and supplier arrangements maintained for the sector by the Western Australian Local Government Association. Devlyn Construction is engaged under a design-assist early contractor involvement model, providing buildability input during documentation and a quotation to be held firm for a minimum of three months following completion of the design and construct documentation; that pricing provides a market-tested benchmark against which tender outcomes can be evaluated. The early contractor involvement engagement confers no entitlement to the construction contract. That contract will be openly tendered by the Shire under section 3.57 of the Act and Part 4 of the Regulations, and the early contractor involvement pricing will be assessed alongside all other tenders on the same criteria. The regional price preference provisions in Part 4A of the Regulations permit a preference for regional tenderers of up to 10% for goods and services and up to 5% for construction services, in each case capped at a $50,000 price reduction, and would be applied consistently with the Shire's purchasing policy.

Financial management. The Shire holds an unmodified audit opinion for 2024-25 and reports statutory financial ratios to Council each meeting cycle. It has existing systems for grant acquittal, milestone reporting and audit.

Asset management. The asset governance arrangements adopted in 2026 provide the mechanism for condition monitoring, maintenance planning, lifecycle costing and renewal funding across the life of the asset.

Risk management. The project's risks are managed within the Shire's risk management framework, which follows AS/NZS ISO 31000:2018. Under regulation 17 of the *Local Government (Audit) Regulations 1996* the Chief Executive Officer must review the appropriateness and effectiveness of the Shire's systems and procedures for risk management, internal control and legislative compliance and report to the Shire's audit committee at least once in every three financial years. Following commencement of the relevant provisions of the *Local Government Amendment Act 2024* and supporting regulations on 1 January 2026, that committee is an Audit, Risk and Improvement Committee with an independent presiding member, required to review the Chief Executive Officer's report and make recommendations to Council. Project risks with a residual rating of High are reported to Council through that chain.

11.3 Constraints on the Shire's capacity

The Shire records the following constraints candidly.

Scale relative to the organisation. This is by a substantial margin the largest single capital project the Shire has undertaken. The Shire's own Workforce Development Plan identifies that the project would exceed the resources of its current workforce if added to normal workloads.

Competing projects. The Workforce Development Plan identifies the Hyden Sports Centre as a concurrent demand on the same resources.

Small organisation, key person exposure. A Class 4 local government has limited depth in specialist project delivery, contract administration and grant acquittal roles.

Operating a facility of a type the Shire has not operated before. The Shire operates libraries, halls and recreation facilities. It has not previously operated a gallery, exhibition space or arts studio, and the programming, curatorial and cultural governance requirements of those functions are new to the organisation.

11.4 How those constraints are addressed

- Project management during construction is contracted to the appointed architect rather than absorbed into existing staff workloads.
- The design and construct contract structure transfers construction risk to the contractor, with the architect retained on the Shire's side of the contract to preserve supervision distance.
- The Project Oversight Committee provides quarterly monitoring with escalation to the parties.
- The HPA carries community engagement, cultural liaison and fundraising, which are the functions in which it has demonstrated capability over an extended period.
- Cultural governance of exhibition content rests with the Collard family Elders as Traditional Owners, not with Shire staff.

- The Executive Officer position is cost-shared with the HPA for ten years, giving the Shire a partner in the operating phase as well as the delivery phase.
- Benefit and compliance reporting attaches to existing governance cycles – the Project Oversight Committee, the Community Resource Centre's own service agreement reporting, and the Shire's annual reporting framework – rather than creating a separate reporting burden.

11.5 Assessment

The Shire's assessment is that it has the ability to manage the performance of the transaction, subject to the project management and governance arrangements described above being maintained, and subject to grant funding being secured before construction commitments are made.

12. Joint Arrangements

Regulation 10, Local Government (Functions and General) Regulations 1996

Regulation 10 requires additional detail where a major land transaction is to be entered into jointly with another person. The Shire has proceeded on the basis that regulation 10 applies, and addresses each specified matter below. This business plan describes the whole of the transaction, including those parts of it undertaken by parties other than the Shire.

12.1 Identity of the other parties

Party	Status	Role
Hyden Progress Association Incorporated	Incorporated association under the *Associations Incorporation Act 2015* (WA); established prior to 1931 and formally incorporated in 1985	Current owner of the Land; contributor of the Land, $500,000 cash and the demolition of the existing building including asbestos removal, estimated at $20,000 plus in-kind contribution; support partner under the Memorandum of Understanding; member of the Project Oversight Committee; co-funder of the Executive Officer position for ten years; leads community engagement, cultural liaison and Phase 3 fundraising
Hyden Community Resource Centre Incorporated	Incorporated association; operates under a service agreement with the Department of Primary Industries and Regional Development	Steering group member; future occupant of the community services wing; joint owner of benefit reporting
Katter Kich Gallery and Tours	Aboriginal-owned business operated by Noongar artist Michael Ward	Current occupant of the existing building on the Land; intended occupant of the arts studio and gallery
Local Elders	Traditional Owners of Katter Kich	Cultural authority over Noongar exhibition content and the naming of the facility
Café or retail operator	Not yet identified	Intended lessee or licensee of the retail space and commercial kitchen

12.2 Ownership of, and other interests in, property

The Land. The HPA holds the freehold interest in Lot 800 on Deposited Plan 421688, certificate of title Volume 4042 Folio 924, registered 10 October 2023. It will transfer that interest to the Shire for consideration of $1 prior to the commencement of construction, as a community contribution.

A search of the certificate of title on 11 August 2026 discloses no mortgages, easements, caveats or restrictive covenants. No condition attaching to the HPA's original purchase constrains the use of the land or of the building to be constructed on it.

The second schedule records one notification under section 70A of the *Transfer of Land Act 1893*: **M577797**, lodged by the Water Corporation on 17 March 2014 and dated 21 February 2014. It was lodged against the predecessor land – Lots 23 and 24 on Plan 5661, Volume 1686 Folio 316 – and carried to the present title on subdivision. The factor it records is that the lot is provided with a wastewater service subject to an agreement, with enquiries as to the terms of that agreement directed to the Water Corporation.

A notification under section 70A does not create an interest in the land, restrict dealings with it or affect the Shire's ability to acquire it. It is a disclosure device: it records a factor affecting the use or enjoyment of the land so that a purchaser takes with notice. It runs with the land and the Shire will take subject to it.

The physical servicing position is established. The Design Development Report records that an existing Water Corporation main reticulated gravity sewer runs in the laneway at the rear of the property, and that two existing 100mm sewer junction connections are available for the development to connect to. An existing reticulated water main is in the same laneway, from which a new domestic water connection and meter sized for the development will be taken. The design team records that an application will be made to the Water Corporation through the contractor in relation to water supply, and that no issues relating to the Water Corporation are foreseen for the project.

The Shire therefore does not regard the notification as an impediment to the acquisition or the development. The Quantity Surveyor's estimate includes $33,873 for Water Corporation headworks and $35,400 for property sewer and trade waste connection within the builder's works. One matter is to be confirmed with the Water Corporation before the construction contract is let, and does not bear on the acquisition or on this plan: the terms of the servicing agreement to which the notification refers, and whether the wastewater load of the completed building – which contains public amenities, a commercial kitchen, a café and a function service kitchen, and is materially greater than the current use of the site as an overflow car park – is accommodated within that allowance.

The building. The Shire will own the building and all fixtures and services on completion. No other party will hold a proprietary interest in it.

Fitout, plant and exhibition content. The Shire will own the built fitout, plant and services. Loose furniture, audiovisual equipment and display systems are excluded from the construction estimate and are to be provided by the occupants; those items will remain the property of the party providing them. Ownership of exhibition content funded in Phase 3 will be settled as part of that phase. Cultural material contributed by Traditional Owners is subject to the cultural authority of the Collard family Elders and is not treated as Shire property.

Occupancy interests. The Community Resource Centre, Katter Kich Gallery and Tours and a café or retail operator will hold leasehold or licence interests in parts of the building, on terms not yet settled. Each such grant will be dealt with under section 3.58 of the Act at the time.

Existing building on the Land. The building currently occupied by Katter Kich Gallery and Tours will be demolished. The HPA is attending to the demolition as a further co-contribution to the project, at its own cost. The building is therefore removed before the Shire takes the Land, and the demolition does not form part of the construction contract or the Phase 2 estimate.

Given the age of the building, it is believed to contain asbestos. The HPA is aware of this and its commitment to undertake the demolition includes ensuring that any asbestos is removed and disposed of appropriately, in accordance with the applicable Western Australian work health and safety and controlled waste requirements. Because the demolition is completed by the owner before transfer, the Shire acquires a cleared site and does not take on the asbestos liability attaching to the building. The demolition and asbestos removal is estimated to cost $20,000, met by the HPA, together with a further HPA in-kind contribution of labour and plant that has not been separately valued. The Shire will require a hazardous materials survey and a clearance certificate from the HPA before the Land transfers, so that the condition of the site on acquisition is documented.

12.3 Benefits to parties other than the Shire

Party	Benefit
Hyden Progress Association	Delivery of the project the Association has pursued since 2018 and for which it purchased the Land; a continuing programming, volunteer coordination and community engagement role in the operating facility; and a position on the Project Oversight Committee. The Association receives no financial return, no proprietary interest in the completed asset, and no repayment of its contributions
Hyden Community Resource Centre	Occupancy of purpose-built accommodation in a central location, replacing premises assessed as below the required standard; improved capacity to meet its service agreement obligations
Katter Kich Gallery and Tours	A lease of part of the purpose-designed gallery and studio accommodation in place of the existing building, on terms yet to be negotiated; exposure to visitors entering the Centre
Café or retail operator	A leasehold or licence interest in retail space within a visitor facility, to be awarded in accordance with section 3.58 of the Act
Community organisations and hirers	Access to bookable, accessible, climate-controlled meeting and event space that does not presently exist in Hyden
Local and regional artists	Exhibition and working space that does not presently exist in the district
Local businesses	Increased visitor dwell time and overnight stays, as assessed at section 8.1

12.4 Liabilities of the Shire under or as a result of the joint arrangements

The Shire will or may become liable for the following.

- **The construction contract.** The Shire will hold the design and construct contract as principal and will be liable for the contract sum, for variations, and for the ordinary obligations of a principal under a construction contract.
- **Consultant engagements.** The Shire holds direct contracts with the architect and the professional team. The $120,000 construction-phase project management engagement is funded within the project budget through the arts and culture infrastructure grant request. The Shire does not incur that liability unless the project proceeds on the funding model described in this plan; if it does not, any revised proposal requires a fresh business plan

under section 3.59(6), and the management arrangements would be settled through that process.

- **Funding agreements.** The Shire will be the party to each grant agreement and will carry the acquittal, milestone reporting, audit, retention and repayment obligations under them. Grant funding is ordinarily repayable if the funded scope is not delivered.
- **Items excluded from the Quantity Surveyor's estimate.** The unfunded exclusions set out at section 4.3, including the 30kW photovoltaic system, asbestos removal, wet fire services, and commissioning and relocation costs, are Shire costs if they are required or reinstated. They are not yet quantified. Headworks are not among them: $173,873 is carried within the builder's works.
- **Cost escalation and overrun.** Beyond the contingency of $1,249,000 and the escalation allowance of $395,000 to February 2027, cost movement is a Shire liability unless managed through value management, scope review, staging or further funding applications. The Memorandum of Understanding provides for cost variation to be dealt with between the parties, but the contractual liability to the builder is the Shire's.
- **The completed asset.** From practical completion the Shire carries operating, maintenance, insurance, renewal and eventual replacement liability for the asset for its life.
- **The Executive Officer position.** The position is costed at $160,000 a year as a total package. The Shire carries 80% of the cost in years 1-5 and 50% in years 6-10, being approximately $128,000 and $80,000 a year respectively, or some $1,040,000 across the first ten years in current dollars, and the full cost thereafter unless otherwise agreed. If the HPA were unable to meet its share, the Shire would carry the full cost or reduce the position.
- **Obligations to occupants.** As landlord or licensor the Shire will carry the ordinary obligations of that role in respect of each tenancy.

The Shire does not guarantee, indemnify or underwrite any obligation of the HPA, the Community Resource Centre or any other party, and no party other than the Shire is liable for the construction contract or the funding agreements.

13. Risk Assessment

Risks are managed within the Shire's risk management framework, which follows AS/NZS ISO 31000:2018. Likelihood is assessed as Low (not expected on current information), Medium (could reasonably occur during the delivery period) or High (expected to occur unless actively managed). Consequence is assessed as Low (absorbed within existing arrangements), Medium (a material effect requiring a management response) or High (a threat to the project's viability). The rating shown is residual – what remains once the treatment is applied.

Risk	Likelihood	Consequence	Rating	Treatment
Funding				
Capital grant applications unsuccessful, so the project cannot proceed on the funding model in this plan	Medium	High	High	Multi-source strategy; funding hold point at February 2027 before any construction commitment; no construction contract let before funding is confirmed; Council to reconsider scope, staging and timing if unsuccessful
One of the two Phase 2	Medium	High	High	The two applications are linked; the smaller

Risk	Likelihood	Consequence	Rating	Treatment
grants secured but not the other, leaving a funding shortfall				grant forms part of the co-contribution required for the larger. No alternative source of co-contribution has been identified. If a shortfall arises, Council must reconsider the proposal and determine whether a revised proposal is significantly different for the purposes of section 3.59(6)
Phase 3 exhibition funding not secured	Medium	Medium	Medium	The building can be completed and operated without the full exhibition fitout. Phase 3 is separately funded and separately staged, and its absence does not prevent occupation
Cost and construction				
Construction cost over-run	Medium	High	High	Quantity Surveyor engaged throughout; design and construct contract structure; contingency of $1,249,000 within the Phase 2 estimate; early contractor involvement pricing from Devlyn Construction as a market benchmark, held firm for three months following completion of documentation
Escalation beyond the February 2027 allowance	Medium	High	High	An allowance of $395,000 is made to the programmed tender date; movement beyond that point managed through value management, scope review, staging or further funding applications; monitored and reported to the Project Oversight Committee
Construction delay	Medium	Medium	Medium	Programme allows a funding hold point and a documented tender period; contract provisions for time; regional contractor availability tested through the early contractor involvement process
Statutory and approvals				
Section 3.59 process not concluded before funding decisions	Low	High	Medium	Process programmed to conclude ahead of the funding decisions; funding applications and correspondence disclose that the project remains subject to section 3.59 compliance
A revised proposal is significantly different, requiring a fresh section 3.59 process	Low	Medium	Medium	Parameters of the proposal stated at section 1.8; Council to seek advice before proceeding with any materially altered proposal
Planning approval delay	Low	Medium	Low	Development application lodged; statutory consultation concludes 13 August 2026 with determination expected shortly thereafter, well ahead of any construction funding decision; use consistent with Commercial zoning and the Hyden Town Revitalisation Plan

Risk	Likelihood	Consequence	Rating	Treatment
Authority headworks charges exceed the allowances made	Low	Medium	Low	The estimate carries $173,873 of headworks within the builder's works – Water Corporation $33,873, Western Power $110,000 and Telstra/NBN $30,000 – plus $35,400 for property sewer and trade waste connection. The site is served by an existing reticulated gravity sewer with two available junction connections and an existing water main, and the design team foresees no Water Corporation issues. Actual charges are to be confirmed with each authority before the construction contract is let
Items excluded from the estimate are reinstated without funding	Medium	Medium	Medium	Section 4.3 identifies the excluded items that are not funded elsewhere, of which the 30kW photovoltaic system is the most significant because it is described in this plan as a sustainability measure. Council is to determine which items are reinstated and how they are funded before the construction contract is let, rather than allowing them to emerge as variations
Stormwater connection constrained by existing drainage capacity	Medium	Medium	Medium	The civil engineer has identified the only viable connection point in the Shire's drainage network as McPherson Street. Limitations in existing infrastructure mean portions of site stormwater may continue to discharge by controlled sheet flow to the surrounding road network, consistent with current conditions. Resolution is being progressed with the civil and landscape consultants and the Shire, and is identified in the Design Development Report as the project's first key issue
Financial				
Recurrent operating deficit cannot be sustained within the Shire's operating budget	High	High	High	The operating model projects a first-full-year accrual deficit of $234,000 to $534,000 on a total-cost basis. That figure is the total cost of the Centre and overstates the effect of the transaction, for the reasons at section 9.5.7. Council to determine the level of subsidy it will commit to and how it will be funded, and to reflect it in the Long-Term Financial Plan
Avoided-cost savings do not materialise because the vacated buildings are retained	Medium	Medium	Medium	The saving on the leased shopfront is certain on lease expiry. The saving on the existing Community Resource Centre building depends on whether it is retained, repurposed or disposed of. Council to determine the future of that building, and the plan reports the total cost until it does, so that no avoided-cost saving is assumed in the figures put to Council
Council resolves on a	High	Low	Low	The plan reports the total cost of the Centre

Risk	Likelihood	Consequence	Rating	Treatment
figure that overstates the effect of the transaction				rather than the incremental effect, deliberately and for the reasons at section 9.5.7. The error runs in the Shire's favour and cannot lead Council to take on more than it understood. The composition and direction of every offset are disclosed, and the avoided-cost figures will be before Council through the operating budget and the Long-Term Financial Plan re-modelling required before the construction contract is executed
Operating cost exceeds even the modelled figure	Medium	High	High	The model itself flags the insurance and general building maintenance allowances as likely to be understated. An insurance quotation and a maintenance schedule based on the 928m² design are to be obtained before adoption
Visitor capture below the modelled scenarios	High	High	High	The model's own note records that early-year capture is likely to be below Scenario A, and income assumptions are set on that basis rather than on a mid-range scenario. The independent economic analysis assumes exhibition visitation of 18,175 a year, equivalent to a 12.1% capture rate, so the planning case sits below the independently assessed figure. Reviewed annually through the budget process
Admission charge not adopted, or adopted at a lower rate	Medium	High	High	The model assumes $20 per visitor ex GST, which is not resolved. If admission is not charged, income falls by $150,000 to $750,000 a year in the first full year and the deficit widens correspondingly. Council to resolve the charge before the operating budget is adopted
Depreciation and renewal obligation not adequately provided for	Medium	Medium	Medium	Asset brought into Asset Management Plans on capitalisation; Long-Term Financial Plan to be amended to carry lifecycle and renewal provision; asset governance framework adopted 2026
HPA unable to meet its operating co-contribution	Low	Medium	Low	Commitment documented in the Memorandum of Understanding; HPA income is recurrent and diversified rather than dependent on episodic fundraising; Shire could carry the full cost or reduce the position
Organisational				
Shire capacity stretched by project scale and competing demands	Medium	Medium	Medium	Construction-phase project management contracted to the architect under a $120,000 allowance funded within the project budget; Workforce Development Plan review; Project Oversight Committee monitoring

Risk	Likelihood	Consequence	Rating	Treatment
Project management allowance unfunded if the arts and culture infrastructure grant is unsuccessful	Medium	Medium	Medium	The $120,000 allowance sits within the arts and culture infrastructure grant request lodged 10 August 2026. If that request fails, the project does not proceed on the funding model in this plan. Any revised proposal would be significantly different from that described here and would require a fresh business plan and public notice under section 3.59(6); that fresh business plan would itself have to address how the revised project is to be managed, including project management resourcing, before Council could resolve to proceed
Shire has not previously operated a gallery or exhibition facility	Medium	Medium	Medium	Dedicated Executive Officer position; HPA partnership in programming and volunteers; exhibition consultant engaged; cultural governance held by Traditional Owners
Cultural and community				
Transition of Katter Kich Gallery and Tours not satisfactorily arranged before demolition	Low	Medium	Low	The business has operated from the site on the understanding that development was in prospect and that it would need to arrange its own relocation during demolition and construction. Lease terms for the new premises to be negotiated and documented before demolition; the HPA is attending to the demolition and is committed under the Memorandum of Understanding to manage the transition
Asbestos or contamination encountered in the ground or site works after transfer	Low	Medium	Low	Asbestos is believed to be present in the existing building given its age. Its removal is part of the HPA's demolition commitment and is completed before transfer, so the building itself is not a Shire exposure. Asbestos removal and disposal is excluded from the Quantity Surveyor's estimate, so anything encountered in the ground or the site works after the Shire takes the Land would be a Shire cost. A hazardous materials survey and a clearance certificate are to be provided to the Shire before transfer
Community expectations regarding exhibition scope not met	Medium	Medium	Medium	Interpretive Plan frames intent without committing to specific exhibits; Traditional Owner engagement embedded from the outset; $45,000 Elder consultation allowance in Phase 3
Facility naming requires change following Elder advice	High	Low	Low	Working title retained pending completion of consultation; naming settled with Elders before signage and marketing are committed; funding bodies advised of any change
Perception of imbalance in Shire investment between	Medium	Medium	Medium	Addressed at section 7.3; submissions specifically invited from residents of

Risk	Likelihood	Consequence	Rating	Treatment
Hyden and other localities				Kondinin and Karlgarin
Operational				
Visitor uptake of the exhibition and cultural programming below expectations	Low	Medium	Low	Economic modelling uses the midpoint of the visitation range and conservative attribution; Interpretive Plan designed around visitor journey; dedicated Executive Officer role
Periodic maintenance and renewal provisions not funded when they fall due	Medium	High	High	The model provides $152,194 for major planned maintenance in year 5 and $560,863 for asset renewal in year 10. Both are to be carried in the Long-Term Financial Plan and provided for through a renewal reserve rather than met from the operating budget in the year they fall
Cash sustainability by year 11 mistaken for full cost recovery	Medium	Medium	Medium	The year 11 expectation is a cash measure excluding depreciation. The depreciation charge of $322,750 is permanent at any level of visitation. This plan states the two measures separately at sections 9.5.5 and 9.5.9, and the renewal provision is to be carried in the Long-Term Financial Plan

The Shire of Kondinin owns this register as the delivery body and as the entity that will hold the completed asset. The Project Oversight Committee monitors it at each quarterly meeting and may recommend amendments; amendments take effect on the Shire's authority.

14. Related Statutory and Approval Processes

This business plan addresses section 3.59 only. The following related processes apply and are dealt with separately.

Process	Status
Development approval - *Planning and Development Act 2005* and the Shire of Kondinin Town Planning Scheme	Lodged 24 June 2026 and under assessment. The mandatory community consultation period concludes on 13 August 2026, with determination expected shortly thereafter. The site is zoned Commercial and the proposed use is consistent with that zoning and with the Hyden Town Revitalisation Plan (2017), which identifies the site for community building development adjacent to Lions Park; approval risk is accordingly assessed as low and planning approval does not sit on the construction critical path. Any conditions material to cost or scope will be reported to Council with the determination
Water and wastewater - Water Corporation	The site is served by an existing reticulated gravity sewer with two available 100mm junction connections and an existing reticulated water main, both in the rear laneway. An application relating to water supply is to be made through the contractor. No issues are foreseen. The estimate carries $33,873 for Water Corporation headworks and $35,400 for property sewer and trade waste connection. The terms of the servicing agreement

Process	Status
	recorded by notification M577797, and the sufficiency of that allowance, are to be confirmed before the construction contract is let
Electricity - Western Power	An application to increase power capacity is required. The estimate carries $110,000 for Western Power headworks
Telecommunications	The site has no existing connection; a new Telstra or NBN lead-in service is required. The estimate carries $30,000 for Telstra/NBN headworks
Fire safety - Department of Fire and Emergency Services	The design is to be submitted to DFES for review and approval before the building permit application. Each fire compartment is held below 500m² to avoid triggering fire hydrant coverage
Building permit - *Building Act 2011*	The project is to be certified by a registered Building Certifier and is expected to be certified as a Class 9b assembly building of Type C construction, under the edition of the National Construction Code in force at the date of the building permit application. The building permit application cannot be certified until the successful tenderer has been appointed, so it follows the close of tenders. Certification at completion is required before a certificate of occupancy can be granted
Tendering for goods and services - section 3.57 of the Act and Part 4 of the Regulations	Applies to the construction contract and to any other contract above the prescribed threshold. To be undertaken by the Shire as principal following funding confirmation
Disposition of property - section 3.58 of the Act	Applies to any future lease or licence of part of the Centre. Each disposition will be dealt with separately when terms are settled. This business plan is not relied on to satisfy section 3.58
Aboriginal heritage	The Design Development Report records that there are no heritage requirements for the site, and no approvals are required for construction of the building. Approvals relating to Noongar exhibition content are sought through the Elder consultation process
Native title, environmental approval and vegetation clearing	Not required for construction of the building
Ministerial approval under section 3.59(7)	Not required. The Regulations do not require Ministerial approval for a transaction of this kind
Long-Term Financial Plan and Asset Management Plan amendment	Required if Council resolves to proceed. To be undertaken through the Shire's integrated planning and reporting cycle

15. Overall Assessment and Proposed Resolution

15.1 Assessment

The Shire's overall assessment, for the purposes of section 3.59(3), is set out at section 2 and summarised here.

The transaction is a major land transaction requiring compliance with section 3.59. It comprises the acquisition of Lot 800 on Deposited Plan 421688 for consideration of $1, and the development of that land as a 928m² civic, cultural and community facility, at a total value of approximately $13.5 million.

The Shire's own contribution is $1,425,000, largely pre-funded through the Hyden Discovery Centre Reserve. No borrowing is proposed and no rate increase attributable to the project is proposed.

The material continuing exposure is recurrent. On a total-cost basis the Centre operates at a first-full-year deficit of between approximately $234,000 and $534,000 on an accrual basis across Scenarios A to C, including depreciation of $322,750, and on that basis the deficit does not close within the ten-year modelled period. The model's own note records that capture in the opening year or two is likely to sit below Scenario A, so the deficit is expected to be larger than the top of that range at first.

Those figures rest on deliberately conservative income assumptions, and they are accrual figures. Excluding depreciation, the first-year cash deficit ranges from $211,000 at the lowest capture scenario to a surplus at higher ones, and the Centre is approximately cash-neutral in its first full year at the visitation the independent economic analysis assumes (section 9.5.6). The expectation of operational sustainability by year 11 is a cash measure; the depreciation charge of $322,750 is permanent and must be provided for through renewal funding.

Those figures are the total cost of running the Centre. The effect of the transaction is smaller, because the Shire already funds the services the Centre absorbs and already holds or leases the buildings they operate from. The plan reports the total nonetheless, so that Council decides against the higher of the two available measures. Section 9.5.7 sets out every line by which the true effect is smaller, every line by which it is not, and why the plan does not reduce the difference to a single figure while the future of the vacated Community Resource Centre building remains undecided.

The proposal addresses documented deficiencies in the Shire's civic, cultural and community infrastructure in its second population centre; delivers an adopted priority of the Strategic Community Plan 2022-2032; and is independently assessed as returning a net present value of $23.06 million and a benefit cost ratio of 2.81 over twenty years.

It carries real risks, principally that the grant funding may not be secured, that construction costs may escalate, that the recurrent operating cost may exceed expectations, and that the project's scale is large relative to the Shire's organisational capacity. Each is assessed at section 13 with the treatments proposed.

The Shire's assessment is that the transaction should proceed if, and only if, two conditions are met: the grant funding described at section 9.2 is secured, and Council is satisfied that the continuing operating subsidy disclosed at section 9.5 can be carried and has identified how it will be funded within the Long-Term Financial Plan. It should not proceed on any funding model that materially increases the Shire's own capital contribution or requires borrowing.

16. How to Make a Submission

Any person may make a submission on this business plan. There is no fee and no particular form is required.

Submissions close at 4.00pm on Monday 26 October 2026. The closing date is not less than six weeks after the date on which Statewide public notice was given, being **12 September 2026**. Council cannot make its decision before that date has passed.

What to include. A submission may support the proposal, oppose it, or comment on any part of it. It is most useful to Council if it identifies the part of the business plan it relates to and explains the reason for the view expressed. Submitters are asked to provide a name and a contact address so that the Shire can acknowledge receipt.

Matters on which comment is specifically invited. The Shire would particularly welcome comment on:

- the expected effect on businesses currently providing food, beverage, accommodation, retail or venue hire services in the district (sections 8.1 to 8.3);
- the arrangements for the transition of Katter Kich Gallery and Tours (section 8.4);
- the balance of Shire investment between Hyden and other localities in the district (section 7.3);
- the recurrent operating cost of the facility, the Shire’s decision to report it as a total cost rather than as an incremental figure, and how the continuing subsidy should be funded (sections 9.5.7 and 9.5.9);
- the future of the existing Community Resource Centre building and the leased shopfront premises, which are not decided by this plan but which affect its assessed financial effect (sections 8.8, 8.10 and 9.5.7);
- whether admission to the exhibition and discovery centre should be charged, and at what rate (section 9.5.4);
- the basis on which the café and gift shop tenancies should be let, including whether rent should be fixed or based on a share of turnover (section 9.5.6);
- the proposed occupancy and use arrangements (section 4.4); and
- any matter the Shire has not addressed.

How to lodge.

Method	Detail
Post	Bruce Wright, Chief Executive Officer, Shire of Kondinin, PO Box 7, Kondinin WA 6367
Email	**ceo@kondinin.wa.gov.au**, marked “WRKKDC Section 3.59 Business Plan Submission”
In person	Shire Administration Offices, 11 Gordon Street, Kondinin WA 6367, or 12 McPherson Street, Hyden WA 6359, during business hours

Confidentiality. Submissions are not confidential. A submission, or a summary of it, will ordinarily be included in the report to Council and therefore in the public agenda. A submitter who wishes part of a submission to be treated as confidential should say so and explain why; the Shire will consider the request but cannot guarantee confidentiality.

Further information. Enquiries may be directed to Bruce Wright, Chief Executive Officer, Shire of Kondinin, on **(08) 9889 1006** or at **ceo@kondinin.wa.gov.au**.

Appendices

The following documents accompany this business plan and are available for inspection with it.

Appendix A – Memorandum of Understanding. Executed Memorandum of Understanding between the Shire of Kondinin and the Hyden Progress Association Incorporated, setting out the delivery, contribution and tenure arrangements for the project.

Appendix B – Quantity Surveyor Cost Plan. Design Development Estimate prepared by HW & Associates Quantity Surveyors, 31 July 2026.

Appendix C – Economic Analysis. *Wave Rock Discovery Centre Cost-Benefit Analysis*, technical report prepared by Econisis for the Shire of Kondinin, FINAL, 10 August 2026.

Appendix D – Commercial Proposal Financial Model. *Commercial Proposal – Hyden Discovery Centre*, ten-year operating financial model, 13 July 2026, as updated. Summarised at section 9.5.

Appendix E – Certificate of Title and section 70A notification. Record of Certificate of Title, Volume 4042 Folio 924, Lot 800 on Deposited Plan 421688, Landgate search dated 11 August 2026 (request number 70230552); and Notification under section 70A of the *Transfer of Land Act 1893* M577797, lodged by the Water Corporation on 17 March 2014 (Landgate search dated 11 August 2026, request number 70230617).

Appendix F – Contour and Feature Survey. Contour and feature survey of Lots 23, 24 and 2122 and surrounds, corner of McPherson Street and Marshall Street, Hyden, prepared by Monaghan Surveying, drawing HYD 001.

Appendix G – Design Development Report. Prepared by SITE Architecture Studio, Revision B, 31 July 2026, including site plan, floor plan, elevations and schedule of accommodation.